# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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**Hirohito's chance to exorcise bitter memories, Page 3**

## NEWS SUMMARY

### GENERAL

## S. Africa rioting death toll grows

**Homes were burned and shops looted in the second day of rioting in South African black townships as the death toll rose to 26.**

The violence began in Sharpeville, south of Johannesburg, during protests against rent increases. Police manned road blocks at entrances to the townships and used armoured vehicles and tear gas to break up crowds.

The rioting coincided with the introduction of a new constitution giving limited powers to Indians and coloured (mixed race) people but excluding South Africa's 23m black majority. Page 3

### UK coal talks off

The talks arranged for this week between miners and the National Coal Board in the UK's national coal dispute were abandoned amid mutual recriminations. Page 14

### Montreal blast

Police have questioned a 65-year-old American, a former mental patient, over the bombing of Montreal's Central Station in which three people were killed.

### Shuttle ice cleared

The crew of the space shuttle Discovery knocked a piece of ice from the side of the spacecraft and started preparing for landing today at the end of its six-day maiden flight.

### Afghan deaths claim

Afghan security forces claim to have killed about 800 guerrillas in Wardak province near Kabul. Page 3

### Air crash escape

Three people aboard a Canadian Buffalo military transport were unhurt when the aircraft crashed before Farnborough air show crowds while demonstrating its short-landing capability.

### New U.S. bomber

The U.S. Air Force has presented the first of 100 new strategic B-1B bombers which will be able to deliver conventional and nuclear weapons on Soviet targets.

### Spain-EEC 'delay'

EEC diplomats said negotiations were for the first time taking seriously the possibility that Spain might not be able to enter the Common Market by the target date

### Chile protests

One man was reported killed in demonstrations in Santiago, where police clashed with over 300 rioters protesting against the Government of President Augusto Pinochet. Several opposition politicians were injured or arrested. Earlier story, Page 4

### India clashes

Hindu-Moslem clashes broke out again in Hyderabad with at least 25 people reported injured.

### Brazil pollution

Seven factories were closed in the south-eastern Brazilian city of Cubatao to prevent pollution from reaching dangerous levels.

### Siberian oil

Geologists have discovered a new oil deposit in the western Siberian oil-producing region of Tyumen. Page 2

### Caught napping

Two Moroccan soldiers who fell asleep after arresting a Spanish fishing boat woke up to find they were in the custody of the Spanish navy. Page 2

### BUSINESS

## Dollar above FFr 9 in NY

**DOLLAR** advanced strongly in Europe and closed at new high of FFr 8.9925 (FFr 8.934). In New York, it breached the FFr 9 barrier for the first time, and closed at FFr 9.0075. In Europe it also closed at new highs against sterling, the lira and several Scandinavian currencies. It finished in London at DM 2.93 (DM 2.9115), SwFr 2.4465 (SwFr 2.428) Y243.65 (Y242.75) and FFr 8.9925 (FFr 8.934). Its trade-weighted index rose to 137.7 from 137.2. It finished in New York at SwFr 2.455, DM 2.9372 and Y244.3. Report, Page 14; Currencies, Page 37

*STERLING fell 1.05 cents in London* to a record closing low of $1.2925. It was also down at DM 3.785 (DM 3.795), FFr 11.625 (FFr 11.64) and Y315 (Y316.25) but was unchanged at SwFr 3.165. On Bank of England figures, its trade-weighted index slipped to 77.8 from 78.1. In New York it closed at $1.2875. Page 37

**TOKYO** stocks declined. The Nikkei-Dow market average dropped 20.55 to 10,609.53. Section III

**LONDON** equities were under constant selling pressure with the FT Industrial Ordinary index down 16.8 at 838.3. Section III

**WALL ST:** The Dow Jones industrial average closed 12.03 down at 1212.35. Section III

**GOLD** fell $3.75 on the London bullion market to $340.75. It also dropped in Frankfurt to $341.25 and in Zurich at $340.75. In New York, the Comex September settlement was $338.20. Page 36

**LEAD** prices fell sharply on the London Metal Exchange for the second day running, with cash lead £12 down to £319 a tonne. Market fears of a cut in U.S. producer prices were confirmed when Asarco reduced its domestic selling price by 2 cents to 24 cents a pound. Page 36

**SINGAPORE'S** stock exchange has disclosed for the first time the tests it applies before granting a listing, after complaints that only three new companies have been admitted to the market this year. Page 16

**SANTOS**, Australian oil and gas group, has stepped up its half-year net earnings by 56 per cent to A$29.5m (US$25m) and is increasing its interim dividend by 1 cent to 7 cents. Page 16.

**BOFORS**, the Swedish arments group, is to take control of Kema-Nobel, the country's largest chemicals concern, in a deal worth SKr 3bn ($361m). Page 15

**STATOIL**, the Norwegian state oil company, has appointed Foster Wheeler Energy to be the managing contractor for the $650m upgrading and expansion of its Mongstad refinery.

**MASSEY-FERGUSON**, Canadian farm, industrial machinery and diesel engine manufacturer, returned to profitability in the quarter ended July 31 with profits of $1.4m, compared with a loss of $11.3m in the same period last year. Page 15

**SAARLAND** state government approved a further DM 112m ($39.1m) public aid for the loss-making Arbed Saarstahl steel concern. Page 15

**EL AL**, Israel's national airline, made a $1.8m operational profit in the 1983-84 fiscal year, the first time for six years, but sustained overall losses of $14m, which pushed the total debt up to $340m. Page 15

**Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.**

# Carnation agrees to $2.89bn cash bid from Nestlé

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

NESTLÉ, the giant Swiss-based processed food company, is to take over Carnation of the U.S. in an agreed cash bid worth $2.89bn.

If approved, the deal would rank as the biggest ever by a European company in U.S. manufacturing industry, and has been exceeded only by Elf Aquitaine's 1981 $4.3bn acquisition of Texasgulf in the energy sector.

The proposed merger will create a multinational colossus – sales of almost $16bn will place it on a par with U.S. Steel and Philips.

The two companies, both household names throughout the world, announced yesterday that Nestlé *had received commitments covering* 27 per cent of Carnation's 34.8m outstanding shares.

The Swiss group has also been given the option to buy a further 6.4m unissued shares, the equivalent of over 15 per cent of Carnation's enlarged equity, in a transaction widely seen as putting a firm block on counterbids.

Nestlé already ranks as one of the dominant companies within the world food industry, with Unilever and General Foods. Until now, despite U.S. operations with annual sales of well over $2bn, North America has appeared the weak link in its international business.

The acquisitinn of Carnation, providing it meets with the approval of the anti-trust authorities, would be an important step towards correcting that deficiency.

Carnation, a fierce rival of Nestlé in the worldwide processed milk products market from which both companies have grown, has been seen as an obvious choice. Many of its products are complementary but it also gives Nestlé an entrée into several new sectors, including pet foods.

Nestlés main interests at present in the U.S. include the Beech-Nut baby foods group; Libby, McNeill & Libby canned meat and fruit juice group; Nestlé Enterprises, which makes coffee and chocolate products; and Stouffer, which has frozen-food and hotel interests. Together they had sales of more than $2bn.

Nestlé and Carnation in the past have been product innovators. Carnation, which coined the slogan "milk from contented cows," invented instant dry milk in 1954, while Nestlé brought the consumer instant coffee almost 50 years ago. More recently, however, critics have suggested that Nestlé in particular has lost some of its marketiog flair.

Carnation, reckoned to be a strong marketing group, has an almost unequalled record of solid earnings growth stretching back almost a quarter of a century.

Last year it reported earnings of $199m on sales of $3.37bn. Nestlés worldwide sales amounted to $12.35bn and it had net earnings of $531m.

The potential big stumblingblock to the proposed deal would be objections under U.S. anti-trust laws. Nestlé receotly had to back down from its proposed acquisition of Coopervision, a U.S. eye-care group, because of opposition from the Fed*eral Trade Commission.*

Carnation has been the subject of intense takeover speculation for several months. Its share price has jumped from $56 a share at the start of the year to $75½ a share on Friday. Yesterday's $83-a-share offer by Nestlé produced a further immediate sharp jump in Carnation's share price, which closed up $4 at $79½.

The offer for Carnation compares to a book value of around $32 a share and was generally regarded

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# Honecker calls off visit to Bonn

By James Buchan in Bonn

HERR Erich Honecker, the East German leader, yesterday called off a visit to West Germany set for later this month, in what is regarded as a reluctant bow to Soviet pressure.

The postponement of the visit, for which a detailed five-day programme had been drawn up, is a serious check to efforts hy both German states to salvage their relations from collapse in East-West detente. Bonn officials would not venture a guess at when a new attempt would be made for Herr Honecker to visit.

Herr Ewald Moldt, the East German Permanent Representative in Bonn, yesterday told Herr Philipp Jenninger, the Chancellery Minister of State, that the "timing of the visit" (set for September 26–30) "is no longer realistic." He said that the "*puhlic discussion*" over the visit in West Germany had been "demeaning and detrimental and quite unusual for the relations between sovereign states," according to West German accounts of the meeting.

Bonn officials privately dismissed such arguments as "threadbare." Although they were reluctant to argue that Moscow had banned the visit outright, they believe that the tremendous broadside in the Soviet press against West Germany in the past two months had contributed to the postponement. Bonn has been accused of meddling in East German affairs and of attempting to reverse the post-war settlement in favour of a greater Germany.

The visit, first mooted at the end of 1981, might have come about last year. However, East Berlin broke off preparations that April in response to anger in the West German press and among conservative politicians at the death of a West German traveller during an East German border check.

Bonn officials yesterday took comfort from the milder tone of the second postponement of the visit and believe that talks might continue, at least at a lower level. They also believe that visits to the Federal Republic by the Bulgarian and Romanian leaders in the autumn will go ahead as planned. However, some diplomats fear those visits might humiliate Herr Honecker in illustrating his smaller room for manoeuvre.

The postponement is also a blow for Chancellor Helmut Kohl of West Germany, who has sought to keep open contact with East Berlin despite Soviet anger at West Germany's acceptance of modern Nato nuclear missiles last November.

Editorial comment, Page 12

# Parayre quits as Calvet wins Peugeot battle

BY PAUL BETTS IN PARIS

M JACQUES CALVET, the former French banker called in two years ago to sort out the finances of Peugeot, the trouhled French private car maker, was named last night as the new head of the group.

He replaces M Jean-Paul Parayre, who took over the running of the group in 1977 and who resigned yesterday after a long-running management dispute with M Calvet.

The changeover at the top of Peugeot illustrates the priority now being given to cutting losses that have totalled FFr 8bn ($909m) during the last four years and dehts now totalling about FFr 45hn.

M Parayre's resignation was not unexpected. As chairman of the Peugeot group "directoire" (executive committee) he has had to share power for the past 12 mooths with M Calvet, who was put in charge of the day-to-day running of all the Peugeot group car operations last September and has since heen at the centre of the group's latest restructuring and joh cutting programme.

M Calvet's success in reducing the group workforce by more than 10,000 people in barely 12 months clearly impressed the main Peugeot shareholders, including the Peugeot family, who own about 35 per cent of the company shares.

Although M Parayre was appointed to a new four-year term as chairman last April, he appears to have found it difficult to cootinue to share power with M Calvet. Indeed, M Calvet, the former chairman of Banque Nationale de Paris, France's largest state-owned bank, had increasingly eclipsed M Parayre at the top of the company in recent months.

M Parayre thus called a first hoard meeting in July and a second last month to clarify the situation in the Peugeot executive suite.

The company said last night that M Parayre had decided to resign because of "the organisation of the top manogement of the group." Peugeot also said M Parayre would be elected to join the board of the group.

M Parayre was the main architect of Peugeot's expansion into a hig volume car producer through the purchases first of the Citroën marque and subsequently of Chrysler's European operations, renamed hy the French company Talbot.

In the last two years, M Parayre has been behind the development of the two successful models – the Citroën BX and the Peugeot 205 supermini.

For his part, M Calvet is now firmly in charge. As well as being chairman of the group, he retains the leadership of the Citroën car division although resigning the chairmanship of the Peugeot division,

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Men and Matters, Page 12

# UK engineering group Acrow in receivership

BY RAY MAUGHAN IN LONDON

ACROW, one of the best-known names in British engineering, yesterday went into receivership with debts of £50m ($65m) and assets of about half that amount. From today Mr Michael Jordan and Mr John Naylor from the accountancy firm of Cork Gully will manage the affairs of the group.

The receivership marks the first serious corporate failure in Britain's industrial sector since the textile machinery group Stone-Platt Industries failed amid much acrimony in 1982.

Mr Norman Cunningham, Acrow's chief executive, said yesterday that "while management action has reduced losses for the year to March 1984 significantly, trading conditions for the construction industry throughout the world have not improved and the board is unable to forecast an early return to profitability.

"As a consequence, the consortium of bankers to Acrow have notified the board that they do not feel able to contioue the existing facilities which expire this month."

Mr Cunningham said shareholders' funds had been reduced by heavy losses and the cost of closing unprofitable subsidiaries to the point where they were worth about £26m.

Founded by Mr William de Vigier – who remains chairman – 48 years ago, the group includes Coles Cranes, employing 1,300 people in Sunderland; Thomas Storey, which has the exclusive rights to make Bailey hridges; and Adamson and Hatchett, the boilermaking subsidiary.

Acrow's profits record had been unbroken since 1936 until the recession started to hite. Since 1960 Mr de Vigier, now living in Switzerland but reported to be visiting Acrow's London offices almost daily, had embarked on a long series of acquisitions and associate partnerships.

Many regard the acquisition in 1972 of Coles as a landmark deal for de Vigier, since it brought into the Acrow fold not just a world leader but a demanding servicing and maintenance requirement; heavy dehts and, as events over ensuing years proved, a hostile workforce.

The group rationalised hard during the years of the recent recession and even within the last two months, Mr Cunningham said, its Priestman hydraulic excavators subsidiary in Hull had cut its workforce from 860 to 338 people.

The group's profits reached a peak of £14.3m before tax in 1979. Even while the onset of recession pointed competitors and much of the rest of British industry toward large scale retrenchment, Acrow faced the downturn with a determination to sell its way out of the trough.

Profits of almost £10m after tax in 1979 were replaced by losses in excess of £14m in the year to March 1983.

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# Rome lifts key rate by 1 point

By James Buxton in Rome

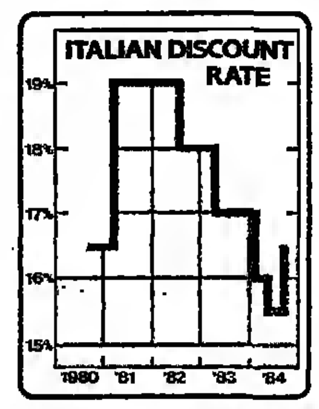
ITALY has raised its official discount rate by 1 percentage point to 16.5 per cent, by far the highest level of any leading industrialised country.

The move, announced on Monday night by the Treasury and the Bank of Italy, reversed a trend of declining interest rates that began in February when the discount rate was lowered from 17 per cent.

Shares suffered a setback yesterday on the Milan Stock Exchange and the lira fell to a new low against the dollar amid fears that the interest-rate rise posed a threat to Italy's fragile economic recovery.

The authorities acted to restrain rising internal demand, fearing that the recovery was endangering the balance of payments and the process of reducing inflation.

The Italian economy is growing this year at an estimated annual rate of just under 3 per cent, after a decline in gross domestic product last year of 1.2 per cent. Exports are rising by about 8 per cent, with the expansion of world trade.

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# West German GNP falls by 2%

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY'S gross national product (GNP) fell 2 per cent in the second quarter of this year after strikes for a shorter working week had disrupted industry.

The drop is likely to rekindle debate about the strength of the country's economic momentum, although the Economics Ministry in Bonn and the Bundesbank, the central bank, have recently expressed optimism about growth prospects.

Latest unemployment figures were out of work last month, slightly lower than in July. show that 2.2m West Germans, or 8.9 per cent of the labour force,

Economic activity in the second quarter of this year was badly depressed by the seven-week wave of strikes, lock-outs and layoffs in the metal industries, mostly in car assembly and motor vehicle component making.

Government officials said yesterday that the 2 per cent decline was less steep, at 1.5 per cent, if adjusted to take account of the fewer normal working days in the second quarter.

Although capital investment was down, consumer spending in real terms reached the improved level of the first quarter.

The GNP setback follows a fairly steady if undramatic recovery in economic activity since late 1982. After two years of decline, GNP showed a 1.3 per cent increase last year.

With the second-quarter weakness, the Economics Ministry in Bonn has lowered its sights but nevertheless has been reckoning with real growth of about 2.5 per cent this year. The latest figures show that GNP in the first half of this year was 2.2 per cent up in real terms on a year ago, with the weak second quarter only 0.5 per cent up on the same period last year.

Herr Martin Bangemann, the Economics Minister, expressed confidence last month that economic growth would gain in strength during the rest of this year.

More recently, Herr Karl Otto Pöhl, president of the Bundesbank, said there was no ground for pessimism about West Germany's growth prospects. Exports were giving more stimulus to recovery, he said, helped by the tapering off in West Germany's already low inflation rate, which is less than 2 per cent.

Unemployment, which worsened in July, was little changed last month. The Federal Labour Office said yesterday that 2,301,529 people had registered for work, a marginal decline of 350 during the month and 5,600 fewer than in August last year.

In seasonally adjusted terms, however, unemployment showed a very slight increase.



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# EUROPEAN NEWS

Alan Friedman in Milan on steps towards reforming a cumbersome judicial system

## Romans campaign for habeas corpus

PRISON gates across Italy have been opening over the past few weeks to release hundreds of suspected criminals, ranging from businessmen accused of fraud in connection with the collapse of Banco Ambrosiano to more hardened types.

The releases, which have touched off a political storm, are happening because of a law reducing from 11 years to six the maximum period of time a suspect may be held in preventive custody without trial.

The law, known simply as "Number 398," is meant to be an attempt at reforming Italy's lumbering judicial system. There is no doubt that reform is needed. Italy is a country without *Habeas Corpus*: a man or woman may be arrested and imprisoned for years on grounds as flimsy as a denouncement by convicted *mafioso*.

There are at present 2m trial proceedings unfinished in this country of 57m people. Some 20,000 Italians remain in preventive custody awaiting trial, and Italy's 7,000 magistrates — the officials whose broad powers of arrest and investigation have uncovered many a scandal—are overworked and understaffed.

To understand the quagmire of Italian justice it is necessary to go beyond the shocking statistics. The fact is that political and cultural traditions of justice in Italy are very different from those in other industrialised nations.

One reason for this state of affairs is the tradition of independent magistrates, who unlike, say, the police in Britain, have powers to plunge into diverse areas of Italian life, to investigate and to detain suspects even without filing formal charges.

The need to battle the long arm of organised crime is an important argument in favour of the magistrates' power. Even more important, however, was the frightening rise of terrorism in the 1970s, which led Parliament to introduce the 11 years maximum detention period.

The magistrates themselves are often dedicated and long-serving officials, hindered by a lack of sufficient resources. Walk into the office of a magistrate and you are likely to find dusty files stacked high on desks, a lack of such basics as a direct-line telephone or photocopier, and a queue of supplicants crowding the corridor.

None the less, in a country where political leaders are almost universally mistrusted, the magistrates are often unsung heroes, working diligently (albeit slowly) and usually resisting political interference.

An unfortunate side-effect of magistrates' power, however, is that Italian jails tend to get clogged with a wide assortment of suspects, often held in custody without being told of the precise charges against them. Jail is not even a great social stigma in a country where top businessmen can be imprisoned on a few hours' notice.

"Sooner or later, at some point in one's life, one can expect to spend a little time in prison," remarked one Milanese businessman the other day.

A far less relaxed view of the system is taken by Italy's tiny Radical Party, which is somewhat akin to West Germany's "Greens." The Radicals have been campaigning for years to reform the judicial system.

With the election to the European Parliament in June of a famous Italian television presenter, who was himself imprisoned for a year without being formally charged, they have found a popular and highly visible spokesman.

Sig Enzo Tortora, whose television chat show used to attract more than 20m viewers, has now left his showbiz career to devote himself full-time to the political battle for a "more civilised judicial system." Released from house arrest in July after becoming an MEP, he has travelled widely in recent weeks in Italy and abroad to press the argument against what he calls a "medieval and unjust" legal system.

Sig Tortora met in Strasbourg recently a number of British MEPs and says that, when he described the lack of *Habeas Corpus* in Italy, the British reaction was one of incredulity. "Foreigners cannot believe that our system is so backward," Sig Tortora remarks.

He admits that the new law reducing maximum custody to six years is a step forward, but he rails against Italy's "lack of respect for the basic rights of man."

Slow justice, the reformers argue, can be a travesty of justice. And even a Ministry of Justice official in Rome admitted this week that "our judicial system is extremely slow."

Sig Tortora says his party's battle is designed to achieve eventually "an Anglo-Saxon style system of justice."

In pressing the need for more reform, Sig Tortora is working to a two-pronged strategy. He will use his fame at home to make appearances throughout Italy in an effort to rouse the normally apathetic public. He will also travel across Europe to inform public opinion outside Italy of the situation.

One attempt at pressure from abroad will be a "day of justice" conference to be held in Strasbourg or Brussels in October. Politicians, lawyers and legal scholars are being invited from all over Europe to the event, sponsored by the Radical Party.

But even the zealous Sig Tortora, when asked how long it could take to achieve reform in Italy, sighs and throws up his hands. "It could take the rest of my life," says the middle-aged politician.

> In a country where political leaders are almost universally mistrusted, Italy's magistrates are often unsung heroes, working diligently, albeit slowly, and usually resisting political interference.

## Rogers bid to boost spending by Nato

By Quentin Peel in Brussels

NATO'S CONVENTIONAL armed forces are falling ever further behind the strength of the Warsaw Pact, and a real annual increase in defence spending of 7 per cent would be needed to bridge the gap by the end of the decade, General Bernard Rogers, Supreme Allied Commander in Europe, warned yesterday.

In a renewed effort to galvanise Nato member states into increased investment in their conventional, as opposed to nuclear, arsenals, Gen Rogers called for increased spending on the equipment and training of existing forces, on modernisation of weapons systems, and on building up adequate reserves.

He also called for the renewed development of chemical weapons, halted by the U.S. since 1969, in order to combat the Soviet Union's existing arsenal of chemical warheads.

"We in Nato have not paid the price of maintaining adequate conventional capability," Gen Rogers told a news conference to launch the alliance's annual programme of exercises, involving more than 300,000 men, 300 ships and 2,500 aircraft.

"We are now at the point where our conventional forces are insufficient to support our strategy of flexible response."

Gen Rogers said that the present targets for conventional force strengths in Nato, approved by defence ministers on the basis of a 3 per cent annual increase in spending, from 1985 to 1990, would still not provide an adequate defence to frustrate a conventional attack "without resort to nuclear weapons."

"If attacked conventionally under my guidance, I would have no option but to request the release of nuclear weapons fairly quickly," he said. "We are mortgaging ourselves to the nuclear response."

The general called for a 4 per cent annual increase in spending two years ago, but said that the widening gap would now require at least 7 per cent.

On the question of chemical weapons, he said that he was "charged to be prepared to retaliate in kind against the use of chemicals against us." However, the existing U.S. stockpile was in danger of becoming obsolescent.

● More than a quarter of West Germany's anti-tank weapons, which were built by a U.S. company, are unreliable because of defective batteries, the Defence Ministry said yesterday, AP reports from Bonn.

Gen Rogers: Alliance falling further behind

## European Fighter Aircraft delayed by study details

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN FARNBOROUGH

PROGRESS ON the proposed five-nation European Fighter Aircraft (EFA) has been delayed in recent weeks because of continued difficulties in settling details of the feasibility studies on the aircraft.

The studies were ordered early last July by the defence ministers of the five nations involved – the UK, West Germany, France, Italy and Spain – at a meeting in Madrid. The aircraft industries of the five countries were required to produce the detailed studies by next March, when they would be considered by the defence ministers at a meeting in Rome, and, it was hoped, a go-ahead for the full-scale development of the Eurofighter would be approved.

Since July, however, the aircraft industries in each country have been unable to proceed because the national armament directors in the defence ministries of the five nations have themselves been unable to agree on precisely what the studies should include.

With little more than six months to go before the deadline, the aircraft companies involved are concerned at the delay in the programme. They fear that if there is much further delay they might not even be able to meet the deadline at all.

Meanwhile the UK's own independent programme, the Experimental Aircraft Programme (EAP), is being pressed ahead by British Aerospace with a target first flight in 1986.

The objective of the EAP is to demonstrate that, in the event of a total collapse of the Eurofighter venture, the UK has the capability of going ahead alone, although an international collaborative venture on the Eurofighter remains the UK's overall aim.

The Eurofighter is intended to be a replacement for existing ageing tactical combat aircraft such as the Jaguar and the Phantom in the air forces of the five nations. Production of 800 aircraft is envisaged. It would thus be a multi-billion dollar programme, probably exceeding the cost of the other major European military aircraft programme, the Tornado.

It also emerged at Farnborough yesterday that Panavia – the European combine set up in the early 1970s by the UK, West Germany and Italy to build the Tornado multi-role combat aircraft – is now bidding for the development and production of the Eurofighter.

Panavia has so far built 349 of the planned total of 809 Tornado aircraft. Production is running at nine aircraft a month.

Thereafter, Panavia will have to exist on such items as in-service support work (spares provisioning), on any further orders that the three partner governments may give it, and on exports.

Rolls Royce seeks orders, Page 9

## Industrial production declines

By Paul Cheeseright in Brussels

THE STUTTERING revival in the European Community's economic fortunes was emphasised yesterday when it was disclosed that the trend of industrial production in the second quarter of this year was 1.5 per cent down on the first quarter.

The Community's latest statistics showed that, by comparison, the trend in the U.S. was 1.9 per cent higher and in Japan 1.8 per cent higher.

They followed rapidly after the release of figures showing that EEC inflation has been running more quickly than that of the U.S. or Japan.

Sluggish industrial performance, with strikes in West Germany and the UK, allied to a downturn in France, pulled lower the Community average in June.

This meant that on a running three months average, the fall of EEC industrial production in the second quarter was more marked than in the three months to May or the three months to April.

By the end of June, the EEC's industrial production index was 2.7 per cent lower than at the end of May, largely owing to West German strikes which took 8.9 per cent off the national index.

The brighter spots among the national levels of production were in Italy, where a downward trend was checked, in Benelux and in Ireland, where the production trend in the second quarter was 6.2 per cent higher than in the first.

## EEC enlargement talks 'at risk'

BY OUR BRUSSELS CORRESPONDENT

NEGOTIATIONS WITH Spain and Portugal to join the European Community cannot be completed by the end of the month, the official deadline, according to Mr Peter Barry, the Irish Foreign Minister, who is currently chairman of the talks.

After a virtual stalemate in the latest round on Monday, he warned that the whole future of the talks might actually be in jeopardy because of the inability of some EEC member states to compromise among themselves.

However, officials of the European Commission and the Spanish Government with whom negotiations have been instructed to meet in virtually continuous session for the next two weeks in the hope that at least the outstanding technical issues can be resolved by foreign ministers when they meet on September 17.

The latest meetings left a whole range of issues unresolved partly because of the inability of member states to agree among themselves, and partly because of an effective stalemate on issues already on the table with Spain. Only with Portugal was some modest progress made, and that fell far short of Lisbon's expectations.

The issues on which the EEC members have yet to form a common position include measures to control the overproduction of wine and olive oil, and how to accommodate the huge Spanish fishing fleet in EEC waters.

There is some hope among national delegations that agreement can be reached on olive oil, with all members except for Greece and Italy — the main producers — agreed that some production ceilings must be introduced.

On wine, the French Government has taken the lead in proposing production quotas for low quality table wine, in spite of the likely political backlash from wine growers in the south and south-west of the country.

The change in the French position, normally a staunch defender of the winegrowers, is based partly on the knowledge that funding an ever-increasing wine lake will become an intolerable burden on the over-stretched EEC budget.

The issues still unresolved with the Spanish themselves include the timetable for dismantling existing high tariffs on industrial and agricultural products, and on bringing the Spanish steel industry into the EEC regime. These are the issues on which officials hope to make some progress by September 17.

## Poland's eyes on IMF

By Christopher Bobinski in Warsaw

POLAND HAS reiterated its wish to join the International Monetary Fund, but says the application "could not be linked to any political conditions."

Mr Stanislaw Nieckarz, the Finance Minister, made the statement on television in reference to the United States promise to lift its veto on Polish membership of the Fund when July's amnesty for political prisoners was implemented fully.

Mr Bogdan Lis, a Solidarity underground leader, is still in custody and, last week, two amnestied union officials were jailed for two months for taking part in a wreath-laying ceremony in Wroclaw on August 31.

The government spokesman, Mr Jerzy Urban revealed yesterday that 130 people had been fined and 14 jailed for up to three months for public order offences arising out of demonstrations commemorating the fourth anniversary of the accords which gave rise to the Solidarity movement.

Those latest jailings were condemned on Monday by Mr Lech Walesa, Solidarity's leader, and Mr Jan Rulewski, the recently-released senior union figure from Bydgoszcz.

In the most serious warnings yet to the 650 activists freed under the amnesty, Mr Urban said that "legal experts" were considering the feasibility of introducing exile as a penalty for serious political offences.

This would allow the Government to avoid politically damaging jail sentences for recalcitrant Solidarity leaders

## Ten's auditors take EIB to task

BY ALISON HOGAN

The European Investment Bank has been criticised for acting as a commercial bank rather than a development bank by the European Community Court of Auditors.

The EIB shows "little clarity of management and little visible concern for development objectives," the Court of Auditors says in a report on the management of Community development aid funds by the Bank.

The report, adopted by the Court in May, but as yet unpublished, also criticises the European Commission for keeping insufficient information on file on the EIB to allow proper monitoring of the implementation of projects financed by the Bank.

"Neither the Commission, the Court nor the discharge authorities is in a position to assess the management of these sums," says the Court.

The EIB was set up in 1958 by the Treaty of Rome to assist in the development of the common market through loans and guarantees for projects in less developed regions.

It raises funds in capital markets to augment the capital states. It invites tenders for projects from EEC member countries where it obtains its resources such as the U.S. and Japan, as well as EEC countries.

The Court recommends that tenders be limited to beneficiary and EEC countries as is the practice of other Community institutions.

It also suggests in the report that "certain charges made by the EIB appear excessive," particularly since high interest rates in recent years have greatly increased the margin it receives for managing lump sum payments of interest subsidies.

## Growth in Danish money supply slows to 16%

BY HILARY BARNES IN COPENHAGEN

THE EXPLOSIVE growth in Denmark's money supply in 1983 has eased this year, according to the central bank's quarterly review. The broad definition M2 money supply increased by 25 per cent last year, but over the 12 months to July the increase slowed to 16 per cent. The underlying rate of growth in recent months, however, has been about 10 per cent.

The increase last year was caused by intensified competition among banks for large, special term deposits at the same time as bond market yields were falling. This led to an exceptional increase in bank deposits.

The central bank's worry now is that bank lending, which increased by 19 per cent in the year to July (for savings banks the increase was 14 per cent) is growing too rapidly.

It has warned that if a guideline increase of 10 per cent over 12 months is exceeded in returns for September, offending banks may be made to place non-interest bearing deposits with the central bank.

However, it is taking a fairly sanguine view on the grounds that demand for credit was exceptionally weak in 1983 and that this year's increase is not therefore a cause for undue concern.

## Soviet journalist forecasts appearance by Chernenko

BONN — President Konstantin Chernenko, not seen in public for more than seven weeks, will take part today in a ceremony to honour Soviet cosmonauts, according to the well-connected Moscow journalist, Mr Victor Louis.

The 73-year-old leader, thought by Western diplomats in Moscow to be incapacitated through illness, will bestow a medal on Svetlana Savistkaya, the first woman to walk in space. "It will be Chernenko's first public appearance since his vacation," Mr Louis is quoted as saying in the West German newspaper, Bild.

He said two other cosmonauts from the July 17-29 space flight would also be given medals.

Mr Louis, who is said to have very close relations with the Kremlin, is thought to have been the source of a recent video film supplied to Bild which showed the Nobel Prize-winning dissident physicist, Dr Andrei Sakharov, and his wife, Yelena Bonner, alive in their exile home in the city of Gorky. Reuter

## Pravda reports oil strike

MOSCOW — Geologists have discivered a new oil deposit in the western Siberian oil-producing region of Tyumen, according to Pravda, the Soviet Communist Party newspeper.

It said oil gushed out during exploretory drilling and experts believed it could become an important production centre. The report gave no estimate of the deposit's size.

Pravda said production could start soon at the field, which was near the established Muravlenkovsky field.

Western Siberia's oil output has been below target for a year and earlier this year Pravda said there were problems extracting oil from wells that were past the gusher stage. Reuter

## Gale-force winds hold up N-cargo salvage

OSTEND – High waves driven by gale force winds in the North Sea kept salvage workers yesterday from retrieving the radioactive cargo from the sunken French freighter Mont Louis off the Belgian coast, a salvage company official said.

"For the moment we cannot do anything," Mr Henk Drenth, a spokesman for Smit Tak International in Rotterdam, said about efforts to salvage the 4,210-tonne Mont Louis, which sank on August 25 while carrying 30 containers of lightly radioactive uranium hexafluoride.

"The weather is very bad. The wind is too strong. We may try something at low tide."

On Monday, the weather also made salvaging of the cargo impossible, although workers using cutting torches sliced a 14×3 metres hole in one hold of the Mont Louis, in which three containers with slightly enriched uranium hexafluoride are stored.

The Mont Louis was sailing to the Soviet Union, where its cargo was to be processed into enriched uranium to be used in West European power plants, when it collided with a passenger ferry and sank about 19 km off the Belgian coast. It is lying on its side in 14 metres of water at low tide, when it is partly visible. So far one of 22 empty containers aboard the Mont Louis has been hoisted on to a large pontoon anchored off the wreck.

"We have also cleared away three broken crates that floated inside the first hold," said Mr Drenth. "An empty trailer was lying on top of the first containers with uranium hexafluoride to be salvaged, he said. AP

## Fishermen net sleeping troops

LANZAROTE – Two Moroccan soldiers who tried to arrest a Spanish fishing boat fell asleep and woke up to find themselves in the Spanish Canary Islands, a navy spokesman said yesterday.

The captain of the Santa Teresa de Jesus, stopped by a patrol boat in Moroccan waters, told naval authorities that he was ordered to head for the port of Agadir. But he set course for Lanzarote without telling the soldiers because they were asleep.

When the soldiers emerged on deck they were greeted by Spanish navy and civil guard troops. They were relieved of their machineguns and invited to stay at a barracks while the navy conducted an inquiry into the incident.

Reuter

## Vodka sales up despite Solidarity boycott call

WARSAW – Alcohol consumption in Poland increased last month by 9 per cent over July, despite calls for a vodka boycott by the banned trade union Solidarity and the Roman Catholic Church, the Government said yesterday.

"We admit with grief that the church appeal was not successful," the Government spokesman, Mr Jerzy Urban, said at his weekly news conference. He said that Solidarity had also called for restrained alcohol consumption last month.

Poles consumed 12.2m litres of pure alcohol in August; up from 11.1m litres in July, he said. Consumption of vodka was down by 100,000 litres last month, compared with August a year ago, although this was compensated by an increase of 300,000 litres of vodka sold at government-run hard-currency Pewex stores.

The official Polish news agency, PAP, said Poles spent 43.8bn zlotys ($338.7m) on vodka in July, an increase of 4.6bn zlotys ($4m) on July 1983.

The boycott appeal by Solidarity and the Catholic Church would have hit Poland's most profitable industry. The state-run Polmos alcohol monopoly recorded total sales last year which were nearly double those of the second-largest concern.

The church's sobriety pledge, taken by thousands of worshippers at masses, stressed the moral and health dilemmas of alcohol abuse.

The Solidarity statement inferred that the boycott was also a form of protest against an unpopular Government.

AP



## Spanish Government sets retirement pledge aside

BY DAVID WHITE IN MADRID

SPAIN'S SOCIALIST Government has shelved on cost grounds its election promise to lower the retirement age from 65 to 64. This was made clear by Sr Joaquin Almunia, the Labour Minister, during talks with trade unions and employers on a labour pact for 1985 and 1986.

The Communist-led Workers' Commissions union, which has taken an uncompromising line in the talks, has demanded that the Government fulfil its promise. It has also been pressing for a further shortening of the working week from 40 hours to 38, as part of efforts to overcome Spain's 20 per cent unemployment level.

However, Sr Almunia said that earlier retirement was impracticable at present because of the deficit in the social security system. Retirement at 64 would cost an extra Pta 50bn (£233m) on the 1985 budget.

It was more important, he said, for the Government to be able to improve the level of benefit offered by social security.

The cabinet was meeting yesterday to study plans for next year's budget, which is due to go to Parliament by the beginning of next month.

The Government has already discarded the principal target in its 1982 election programme involving the creation of 800,000 jobs over four years. The programme foresaw retirement at 64 "with successive reduction" as part of the campaign for employment.

## Foreign banks seek to set up in Norway

OSLO—Nine foreign banks had applied by last weekend's deadline for permission to set up branches in Norway.

Three of them are the U.S. banks—Chase Manhattan, Citibank and Manufacturers Hanover. All have had representation offices in Oslo for some time. So, too, have Banque Nationale de Paris (BNP), Banque Indosuez and Banque Paribas, all of which also applied.

BNP and Banque Indosuez wish to establish joint branches with the Norwegian banks, Forretningsbanken and Rogalandsbanken.

The only British bank so far interested is the merchant bank, Samuel Montagu. This is 60 per cent owned by Midland Bank and 40 per cent by the U.S. insurance company Aetna Life and Casualty.

Two Swedish banks, Wermlandsbanken and Upplandsbanken, have applied for licences to set up a joint Swedish-owned sister bank in Norway. But Swedish banks have been told that applications will not be granted until Sweden itself allows the establishment of foreign banks.

AP-DJ

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### BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 10½% | ■ Hill Samuel | §10½% |
| Allied Irish Bank | 10½% | C. Hoare & Co. | †10½% |
| Amro Bank | 10½% | Hongkong & Shanghai | 10½% |
| Henry Ansbacher | 10½% | Kingsnorth Trust Ltd. | 10 % |
| Armco Trust Ltd. | 11 % | Knowsley & Co. Ltd. | 11 % |
| Associates Cap. Corp. | 10½% | Lloyds Bank | 10½% |
| Banco de Bilbao | 10½% | Mallinhall Limited | 10½% |
| Bank Hapoalim | 10½% | Edward Manson & Co. | 11½% |
| BCCI | 10½% | Maghraj and Sons Ltd. | 10½% |
| Bank of Ireland | 10½% | Midland Bank | 10½% |
| Bank of Cyprus | 10½% | ■ Morgan Grenfell | 10½% |
| Bank of India | 10½% | National Bk. of Kuwait | 10½% |
| Bank of Scotland | 10½% | National Girobank | 10½% |
| Banque Belge Ltd. | 10½% | National Westminster | 10½% |
| Barclays Bank | 10½% | Norwich Gen. Tst. | 10½% |
| Beneficial Trust Ltd. | 11½% | People's Tst. & Sv. Ltd. | 12 % |
| Brit. Bank of Mid. East | 10½% | R. Raphael & Sons | 10½% |
| ■ Brown Shipley | 10½% | P. S. Refson & Co. | 10½% |
| CL Bank Nederland | 10½% | Roxburghe Guarantee | 11½% |
| Canada Permn't Trust | 10½% | Royal Bk. of Scotland | 10½% |
| Cayzer Ltd. | 10½% | Royal Trust Co. Canada | 10½% |
| Cedar Holdings | 11 % | ■ J Henry Schroder Wagg | 10½% |
| ■ Charterhouse Japhet | 10½% | Standard Chartered | [illegible] |
| Choulartons | 11½% | Trade Dev. Bank | 10½% |
| Citibank NA | 10½% | TCB | 10½% |
| Citibank Savings | ‡12 % | Trustee Savings Bank | 10½% |
| Clydesdale Bank | 10½% | United Bank of Kuwait | 10½% |
| C. E. Coates & Co. Ltd. | 11½% | United Mizrahi Bank | 10½% |
| Comm. Bk. N. East | 10½% | Volkskas Limited | 10½% |
| Consolidated Credits | 10½% | Westpac Banking Corp. | 10½% |
| Co-operative Bank | *10½% | Whiteaway Laidlaw | 11 % |
| The Cyprus Popular Bk | 10½% | Williams & Glyn's | 10½% |
| Dunbar & Co. Ltd. | 10½% | Wintrust Secs. Ltd. | 10½% |
| Duncan Lawrie | 10½% | Yorkshire Bank | 10½% |
| E. T. Trust | 11 % | | |
| Exeter Trust Ltd. | 11 % | | |
| First Nat. Fin. Corp | 13 % | | |
| First Nat. Secs. Ltd. | 12 % | | |
| ■ Robert Fleming & Co. | 10½% | | |
| Robert Fraser | 11 % | | |
| Grindlays Bank | ‡10½% | | |
| ■ Guinness Mahon | 10½% | | |
| ■ Hambros Bank | 10½% | | |
| Heritable & Gen. Trust | 10½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%, 1-month 8.00%. Fixed rate 12 months £2,500 8.75% £10,000, 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 7¼%.
‡ 21-day deposits over £1,000 8½%.
§ Demand deposits 7¼%.
¶ Mortgage base rate.

# Uneasy calm as S. African police patrol townships

BY JIM JONES IN JOHANNESBURG

AN UNEASY calm settled on South Africa's black townships yesterday after two days of violence in which at least 26 people were killed and about 200 injured. Yesterday sporadic incidents of stone throwing and looting broke the quiet as police patrolled the streets of townships 40 miles south of Johannesburg. However, the arson and rioting of Monday were not repeated.

The rioting, the worst South Africa has seen since the Soweto riots of 1976, quietened on Monday evening after police, using live ammunition, teargas and buckshot, had dispersed the largest crowds. Gunfire continued late into the night as police set up road blocks to seal off affected areas.

The worst affected townships were Sharpeville, Evaton and Sebokeng, the homes of black workers employed in the industrial towns of Vereeniging and Vanderbijlpark. Violence there sprang directly from dissatisfaction with rent and electricity tariff increases implemented by township management boards. Black community groups organised factory and school boycotts to protest at the increases and these developed into violence late on Sunday evening.

This was symptomatic of growing black frustrations with the apartheid system in which they have no participative role, aggravated by the introduction of South Africa's new constitution, which allows coloureds and Indians limited participative rights but which totally excludes the majority black population.

In Sharpeville, where 69 people were shot dead by police during the disturbances of 1960, rioters focussed their anger on township administration buildings and the homes of black town councillors. Black industrial workers are forced to live in townships where houses, reminiscent of Britain's post-war prefabs, are rented out by the administration boards which control the domestic lives of black people.

Police spokesmen and Mr Louis le Grange, Minister of Law and Order, were unwilling to comment on the disturbances late yesterday. However, the Government-controlled radio service last night blamed unnamed instigators for the unrest. The evening radio propaganda programme Current Affairs, was sceptical that the riots were spontaneous manifestations of deeply-felt grievances and claimed that unnamed organisations which had organised work boycotts enforced this by making township streets impassable.

# Death toll mounts in Afghanistan offensive

By Mohamed Aftab in Islamabad

AN IMPORTANT offensive by Soviet and Afghan troops against anti-Marxist rebels is under way in several of Afghanistan's provinces.

Pakistan's military regime is watching with concern the build-up of Soviet troops in two provinces—Pakhtia and Ghazni—close to the Pakistani border.

Hundreds of people have been killed in the new round of fighting according to diplomats in Islamabad. Two western embassies in the Pakistani capital said yesterday that at least 100 Soviet troops were killed in a guerilla ambush on a Russian outpost south of the Salang Pass on the main highway to the Soviet Union.

The increased Russian military offensive, launched initially in July against the strategically placed Panjshir Valley, has gathered momentum recently.

Rebel leaders in the Pakistani border town of Peshawar claim that some 50,000 specially trained new Russian troops have been in Afghanistan since last May for the push.

Rebels also report serious food shortages as a result of the fighting inside Afghanistan. They claim this is part of a systematic Russian attempt to drive more refugees into neighbouring Pakistan, deprive the rebels of support in rural areas and be in a position to better control rebel Afghans taking refuge in large, garrisoned towns.

Western diplomats confirmed yesterday that at least 28 persons were killed and between 300 to 350 injured in the car-bomb explosion which blasted Afghanistan's Kabul airport last Friday.

The explosion was the worst in Kabul in recent months was "a great embarrassment to the Soviet-backed Babrak Karmel regime in Afghanistan," a senior diplomat said.

The regime has been claiming that it has largely pacified the widespread Islamic insurgency in Afghanistan, and that the capital of Kabul is safe.

# Philippines PM joins row over presidential power

BY EMILIA TAGAZA IN MANILA

THE controversy in the Philippines over President Ferdinand Marcos' law-making power came to a head yesterday when Mr Cesar Virata, the soft-spoken Prime Minister and Finance Minister, said in public there was a need to re-think the constitution and political structures of the country.

Commenting for the first time on Mr Marcos' law-making power, embodied in the so-called Amendment 6 of the constitution, Mr Virata told a big group of private businessmen that "Some amendments are not harmonious with other parts of the constitution," and that the people themselves must decide what political system fits them.

The decree-making power has been the key to Mr Marcos' one-man rule, using it independently of his Cabinet, of his political party and of the National Assembly, the legislative body. He has also used it to pre-empt all types of opposition to his rule.

Mr Virata's political remark before the business group is also significant because it underlines the cracks now showing in the ruling KBL party. Mr Marcos, who used to decide on issues and evolve policies unilaterally, is now faced with a growing number of party members who are either dissenting or showing independence from the presidential line.

Amendment 6 has been the subject of bitter criticisms from private businessmen, who are unanimous in saying that the power has been much abused by Mr Marcos, especially in the way in which he passed economic decrees favouring his friends and business associates.

Among Mr Marcos' own cabinet and political party, the KBL (Kilusang Bagong Lipunan or New Society Movement), Amendment 6 has also been the cause of much wrangling and debate. Last week, the president was forced to reverse two recent presidential decrees, after some Cabinet and party members registered their strong opposition to the decrees.

Jurek Martin and Ann Charters on the historic visit of the S. Korean president to Japan

# Hirohito's chance to exorcise bitter memories

JAPAN and South Korea are alive with anticipation and nervousness over the official visit to Tokyo by President Chun Doo Hwan, which begins tomorrow.

The visit is the first by a Korean head of government since the end of Japanese colonial rule 39 years ago, which followed centuries of bitter relations between the two. Both governments have spoken of the need to forget the past but first it needs to be symbolically exorcised.

The most important single event on President Chun's agenda is his session with Emperor Hirohito and the precise words the Emperor chooses to refer to the Japanese colonisation of Korea between 1910 and 1945.

For the Korean people, with their fierce sense of national pride, Japanese rule was much more than a military occupation. It was also an attempt at cultural subjugation, which went as far as banning, at one stage, the Korean language, forcing Koreans to adopt Japanese names and mandatory worship at Japanese shinto shrines.

The feeling of rancour is all the more intense because Koreans still firmly believe that Japan owes so much culturally to them; they point to Japanese import over the centuries of such disparate commodities as Confucian philosophy, the art of fine ceramics and basic printing technology; modern Korean historians even maintain that the Japanese occupation directly led to the division of the peninsula into North and South.

At the very least, they expect the Emperor to use words which they can construe as an apology.

For the Japanese, equally proud but usually more pragmatically willing to bury the past with minimal rites, what the Emperor says is also important. Too fulsome an apology would not sit well in a country which tends to look down on Koreans, still derisively described in conversation as "garlic eaters," and which practises degrees of discrimination against the 700,000 Koreans living in Japan. Probably the biggest recent shock to the Japanese national psyche occurred when Seoul of all places was awarded the 1988 Olympic Games over Nagoya.

The Japanese political Left is officially opposing the visit, partly because of historical connections with North Korea and partly because it sees President Chun as just another Korean autocrat whose perceived disregard of civil liberties renders him an unworthy recipient of an imperial mea culpa. The noisy Right feels that the Emperor's dignity would be harmed by dragging him down to the political arena.

But the biggest political danger for Mr Yasuhiro Nakasone, the Prime Minister, would come if something were to happen to President Chun while in Japan. With memories still fresh of last year's Rangoon bombing atrocity, presumed to be the work of North Korean agents, security in Tokyo is tighter than at any time in living memory.

Domestic capital investment by Japan's private sector companies is likely to increase 10.5 per cent this financial year, the sharpest rise since 1980, according to a survey conducted by the economic and industrial research department of the Japan Development Bank, Robert Cottrell writes from Tokyo.

The survey, based on responses from 1,872 large Japanese corporations, indicates that for the financial year beginning April 1 1984, capital investment by the manufacturing sector is likely to rise 17.1 per cent over 1983.

The strongest growth in manufacturing sector investment comes from large capacity expansions by electronics companies, says the survey.

President Chun Doo Hwan of South Korea

In comparison, the commercial and political topics to be discussed appear relatively mundane, though, over the longer haul, they are bound to assume greater importance. Both President Chun and Mr Nakasone are obviously satisfied with the improvement in relations since the "school textbook" affair of mid-1982 when the Japanese Education Ministry sought to rewrite its version of events in the first half of this century.

Mr Nakasone's first overseas visit as Prime Minister was to South Korea, in January 1983, and it was followed later in the year by conclusion of the agreement whereby Japan is providing South Korea with a multi-billion dollar six year financial assistance package.

South Korea is now less satisfied with other aspects of the commercial relationship, however. Japan is running a bilateral trade surplus of about $2.5bn a year, but still maintains barriers against some 60 Korean products; it is also, in the Korean view, much less generous than hitherto in permitting the transfer of technology needed for Korea's industrialisation programme.

Japan is likely to be more forthcoming in allaying South Korean fears with assurances that it is not about to pull a diplomatic rabbit out of the hat over the future of the Korean Peninsular.

The assurance of closer consultation on commercial and political issues are part and parcel of the process of building better relation. But the focus this week in Tokyo is going to be less on what might be than on what was, and on whether or not old scars and deeply ingrained attitudes are subject to symbolic therapy.

# Relations strained in Israeli finance crisis

BY DAVID LENNON IN TEL AVIV

ISRAEL'S economic disarray, evident in ever more depressing statistics, has now spread to the Treasury and Bank of Israel who were at each other's throats yesterday over the way to deal with the crisis.

Relations between the central bank and the Treasury have seldom been as strained as at present. This reflects growing tension in economic circles over the delays in forming a new government and the inability of the interim government to implement a comprehensive policy to halt the economic decline.

While waiting for the country's politicians to form a new government following the July general election, both the Treasury and the central bank have independently prepared comprehensive programmes for economic recovery.

But while they both agreed on the need to cut the budget deficit, reduce the balance of payments deficit, lower the standard of living and curb runaway inflation, they disagree on how this should be done.

The Bank of Israel has recommended a three stage programme which would first cut the budget by $1.5bn, cut real wages and sharply curtail monetary injections into the economy by the government. The second stage calls for a wage and price freeze. The final stage envisages renewing economic growth through encouragement of private sector exports.

This proposal was received with open hostility by the Treasury, which wants its own similar plan implemented in one drastic step. It says any delays could fuel inflation, already at 400 per cent, and further erode the dwindling foreign currency reserves which fell by one third in the last three months.

● Rather than preparing to withdraw its forces from Lebanon, Israel will spend about $18m in the second half of this year improving its army positions and defensive systems, particularly in the eastern sector, where they face Syrian forces.

Brig-Gen Yehuda Cohen, head of the Israeli army engineering corps, said the Israeli army is in the middle of a major programme to prepare its defences against all possibilities of hostile action.

# Date set for Andhra Pradesh assembly

By John Elliott in New Delhi

THE POLITICAL row in India over the dismissal of former film star Mr N. T. Rama Rao as chief minister in the state of Andhra Pradesh will come to a head next Tuesday when the State Assembly has been summoned to meet.

Mr Rama Rao was replaced on August 16 by Mr Bhaskara Rao, his former Finance Minister, who claimed he had enough support within their regional Telegu Desam Party to take over as Chief Minister and form a government.

This was backed by the local Congress I Party of Mrs Indira Gandhi, Prime Minister, and by the state's governor. The governor refused Mr Rama Rao's request for an immediate meeting of the assembly to test the two groups' strengths.

Next Tuesday's assembly meeting was announced yesterday after countrywide protests which would have continued today with a demonstration outside the New Delhi home and office of Mrs Gandhi.

Mr Rama Rao claims to have 167 members of the 292-seat assembly supporting him, but independent observers put the figure nearer 140.

Yesterday a curfew was declared in parts of the old city of Hyderabad after clashes between Moslems and Hindus.

# Lebanese Cabinet names replacement for Gemayel

BY NORA BOUSTANY

LEBANON'S National Unity Cabinet yesterday appointed a replacement for Mr Pierre Gemayel, head of the Phalangist Party, and one of the country's most prominent Christian leaders, who died of a heart attack last week.

The Cabinet named Mr Joseph Hashem, director of Voice of Lebanon, the radio station of the Phalange Party, as Mr Gemayel's successor as Minister of Health, Post, Telegraph and Communication and the representative of the party.

Mr Hashem is from the Chouf town of Burjein and is a Maronite Christian. He is also in charge of the Phalange Party Chouf branch. His appointment coincides with rumours of a possible flare-up in the Iqlim al Kharroub, the southern part of the Chouf, between Christian and Druze militiamen. The recurrence of hostilities there would torpedo Syrian-sponsored efforts to apply a security plan in the Lebanese mountains that is supposed to extend government control outside the Beirut area.

The Cabinet meeting yesterday followed a surprise summit meeting between Mr Amin Gemayel, the Lebanese President, and his Syrian counterpart President Hafez Assad in Damascus. The mood of the encounter was described as positive.

Meanwhile, Mr Walid Jumblatt, Druze and Opposition leader, has been summoned to Damascus twice for consultations with Syrian officials. Mr Jumblatt, Minister of Tourism and Public Works, failed to show up at the Cabinet meeting yesterday due to a misunderstanding about the venue of the session.

Former Minister Malek Salam was named as the chairman of the Council for Development and Reconstruction yesterday, following the resignation of Dr Mohammed Attallah.

# Sri Lanka navy boat kills eight guerrillas

By Mervyn de Silva in Colombo

A SRI LANKA navy patrol killed at least eight separatist guerrillas in a boat off the country's northern coast last night, the Defence Ministry said.

The boat was said to contain 498 detonators, 67 guns, ammunition, two video cassettes on guerrilla warfare, books on Marxism and about 10,000 political pamphlets. The arms were later discovered to have come from India.

Mr V. W. Prabhakaran, leader of the Tamil Tigers, the main Madras-based Tamil rebel organisation, is believed to have been killed in the incident, which occurred a few miles out at sea from Point Pedro. Four police commandos were killed and seven injured in a land mine explosion at Point Pedro on Saturday.

● A senior Sri Lankan government official resigned yesterday after making a controversial visit to Israel, with which Sri Lanka has no diplomatic relations. The presidential secretariat said President Junius Jayewardene had accepted the resignation of Mr Douglas Liyanage, secretary to the Information Ministry.

# U.S.-Iran claims tribunal awards record damages

BY A. H. HERMANN, LEGAL CORRESPONDENT

IN ITS biggest award yet, the U.S.-Iran Claims Tribunal in The Hague decided that R. J. Reynolds Tobacco Company should be paid over $49m as damages for money owed to it but not paid by the Iranian Tobacco Company.

The money will be paid out of the revolving fund of over $1bn held in the Netherlands under the Algerian Declarations, embodying the agreement reached in connection with the release of the U.S. embassy hostages three years ago.

The state-owned Iranian Tobacco Company acted as Reynolds' distributor for a number of years, and in 1979 owed it $36,294,868.

This remained unpaid after the revolution in Iran, and Reynolds claimed compensation for the outstanding amount plus compound interest at 2 per cent above the London Interbank Offer Rate (LIBOR) as specified in the sales contract.

Iranian Tobacco admitted only a debt of $34,408,206, and opposed the award of interest on the grounds that President Carter's freeze of Iranian assets on November 14 1979, prevented the payment of interest under the contract. It also filed counter-claims amounting to $100m.

The original fund of $1bn was reduced by August 23 1984 to $729m. However, the interest on the fund reached $405m by that date.

Although the tribunal has not yet ruled on the interest, this may be used to pay awards to U.S. claimants at the discretion of the tribunal. The total fund available for the satisfaction of future awards to U.S. claimants is, therefore, $133,000 higher than it was at the time the tribunal was established.

# AMERICAN NEWS

## Authorities warn Chile protesters

By Mary Helen Spooner in Santiago

A TWO-DAY anti-Government protest against the Chilean regime of General Augusto Pinochet began yesterday amid stern warnings from the authorities that the protest organisers would be held responsible for any incidents of violence.

The protest, the second of its kind this year, was called by the National Labour Command, the multi-party Democratic Alliance and the leftist Democratic Popular Movement. The protest has received the backing also of several Chilean professional groups, including the country's medical society, which has urged its members to treat only emergency cases during the two-day protest period.

Chile's truckers' guilds in at least two of the country's 12 regions announced they would suspend their activities, while segments of the retailers' association announced they would close their shops early today.

The retailers have become increasingly critical of Government economic policy in recent months, and say their protest is in derived from the imprisonment last week of Sr Rafael Cumsille, president of the Retail Merchants Association, on charges of tax fraud. Sr Mario Sharp, the president of the Radical Party and currently president of the Democratic Alliance, called the protest: "A tool to obtain more freedom," and said the lack of protests over the past five months had encouraged the Government to reverse the political liberalisation begun a year ago.

The protest, the first since March of this year, has been preceded by a spate of terrorist bombing in Santiago and other regions.

## Reagan glories in a heady mix of power and patriotism

BY REGINALD DALE, U.S. EDITOR, IN SALT LAKE CITY

PRESIDENT Ronald Reagan yesterday joyfully summoned up the spirit of a "New Patriotism," which he believes to be enveloping the U.S. and sweeping him back to another four years in the White House.

In an intensely emotional speech to armed services veterans of the American Legion here, Mr Reagan did not so much "wrap himself in the flag" as unleash a red, white and blue tide which he mounted like a triumphant surf rider.

Mr Reagan, who sported a black Legionnaire's cap marked "California" on gold letters, called on the souls of the Founding Fathers, the country's war dead, the Iranian hostages and the American Olympic athletes to attack "liberals" who had frustrated the full scope of his "conservative revolution."

On the second day of a swing through the country formally launching his re-election campaign, Mr Reagan gloried in the new strength of an America which had made nuclear war less likely by rebuilding its conventional strength.

His choice of a Utah audience reflected the high probability that this is, by most measures, the most conservative state in the nation.

"Just take Europe alone. We can now deliver 25 per cent more tonnage there in case of crisis, and we have improved our air sortie rate by 60 per cent—and both on land and in the air we have more accurate weapons and newer equipment than ever before."

"These are the kinds of things which will make sure we never have to cross the nuclear threshold," the President said.

Mr Reagan, who told an exuberant "kick off" rally in southern California on Monday "you ain't seen nothing yet," claimed to have resisted "Soviet expansionism" and kept the U.S. "alive as a beacon of hope, a shining city in a world grown weary of war and oppression."

He attacked Democrats in Congress for opposing legislation that would constitutionally require a balanced Federal budget and give him "line-item" veto powers over specific spending proposals. He called for the reform of a U.S. tax system that he described as "unfair, inequitable, counter productive and all but incomprehensible."

As so often in recent weeks, Mr Reagan blamed Democrats and "liberals" for everything still wrong with a country, which he said himself, after all, presided over for almost four years.

"We must rid ourselves once and/or all of the old Liberal superstition that crime is somehow the fault of society and not the wrongdoer who preys on innocent people." The Reagan Administration, he said, had put "more career criminals in prison than ever before."

He called for continued military modernisation and support for his 'Star Wars' programme of space-based defence against incoming nuclear missiles, which he described as "common sense." Briefly, he pledged support for Nato and arms reduction treeties with the Soviet Union.

But his overwhelming theme was the greatness and pride of a new, strong America. "Wherever the new patriotism came from, there can be no gainsaying its arrival. Maybe you've seen the television show 'Call to Glory' that celebrates Air Force officers serving in the twilight struggle of the ColdWar?

"Or maybe you've heard country singer Lee Greenwood's new song, 'God Bless the PSA,' whose first verse says:

"If tomorrow all the things were gone I'd work for all my life.

And I had to start again with just my children and my wife,

'Id thank my lucky stars to be living here today,

'Cause the flag still stands for freedom and they can't take that away."

He should have set it to music, but he didn't need to.

## Alfonsin renews bid to obtain wage pact

By Jimmy Burns in Buenos Aires

PRESIDENT Raul Alfonsin of Argentina appeared determined yesterday to continue his attempts to patch together an incomes policy with both sides of industry in spite of the fraught relations between the Government and the unions following Monday's general strike.

Presidential aides indicated they hoped the leadership of the Peronist-controledd General Confederation of Labour (CGT) would join a second round of talks with the main employers' federation due to take place this Friday. A first round initiated last week produced no concrete results after they were boycotted by CGT leaders.

Union resistance against what is perceived as growing financial orthodoxy on behalf of the Government intensified yesterday in the midst of a barrage of claims and counter-claims about the effectiveness and meaning of the strike—the first general stoppage to be staged since the advent of democratic rule last December.

In a statement issued on Monday night the CGT warned the strike was an "alarm signal" of growing social unrest and reiterated that any future social contract should guarantee a reactivation of the economy. The CGT's emphasis on expanding the economy flew in the face of the latest package of anti-inflationary measures which imply a sharp cut in real wages.

Sr Juan Manuel Casella, Minister of Labour, alleged that the strike had lacked any clear motive and claimed that a social contract was possible without the CGT.

The Government and union estimates about the impact of the strike varied considerably with total absenteeism in factories calculated at 65 per cent and 90 per cent respectively.

On balance the strike has once again confirmed the Argentine labour movement as a powerful political force whose support is almost certainly a sine qua non for any effective economic programme.

**Jimmy Burns,** recently in Port Stanley, on morale among 4,000 troops defending 1,800 islanders

## Boredom, the main enemy on Fortress Falklands

EVERY other Sunday morning, the Command headquarters of the British Forces based in the Falkland Islands is temporarily turned into a lecture hall. Groups of men in battle fatigues sit listening to a commentary on one of the key battles of the conflict before being taken on a tour of the site.

Three Sisters and Mount Longdon ore resurrected almost as part of the islands' heritage. There are abandoned trenches littered with Argentine toothpaste tubes and morphine bottles, and there are nearby arms "cemeteries" with everything from an empty cartridge to o wrecked helicopter.

The "battle tours" serve a preeminently psychological purpose. They are partly a form of entertainment — the "tour" I was on had the soldiers picking among the debris like excited schoolboys at some prehistoric mausoleum.

They also reinforce training—the tour operator, usually a senior officer, makes a point of emphasising the courage, qualities of leadership and general military preparedness which led to the Argentine defeat; for boredom and the danger of losing sight of objectives are the two pitfalls for the 4,000-odd troops now serving on the islands.

"I've given up thinking about the days that I've been here. I'm just counting the days left before I can get out," commented one soldier, reflecting a generalised feeling among the troops.

Servicemen on a four-month tour are confronted by the physical isolation and starkness of the islands as well as separation from their families — a measure of the strain can be gauged by the enormous importance that soldiers attach to the post-carrying thrice-weekly "airbridge." Whenever one of the Hercules planes is delayed because of engine trouble or bad weather, gloom and despondency spreads like a plague.

Apart from the battle tours, there is very little entertainment on the islands — a fact that largely explains the low-key reaction of the troops to the recent announcement that a special 50p a day allowance was to be cut. "If the men had something to spend it on things might have been different," said one officer.

Housing for the troops has improved since the early post-war days, when the majority slept in tents or were billeted in cramped conditions with families in Port Stanley. Living quarters, however, remain a great deal more uncomfortable than a posting in Europe or other colonies such as Hong Kong or Gibraltar, with the majority of troops sleeping in Portakabins or coastels (floating barracks) on the outskirts of Stanley.

In spite of its drawbacks, however, military life on the Falklands has clearly not been anywhere as catastrophic as was once feared when a major British garrison was first grafted onto the local community after the war.

Disciplinary action against servicemen over the last year has averaged five cases a week —a much smaller number proportionately than in any other theatre in the British services, according to military officials.

Troop morale has been maintained thanks to a carefully orchestrated hearts and minds campaign involving the local population. Troops are encouraged to build up friendships with islanders by offering occasional free rides on patrol boats or in helicopters and by joining in communal parties.

But the main activity for those posted to the islands is in the form of intensive training either in the form of "survival" patrols or joint exercise. The RAF in particular practise e great deal of low flying, something which is severely restricted in Europe.

Officially, the troops are in a permanent "state of alert" to deal with any fresh attempt by the Argentines to move militarily against the islands. But it is clearly becoming difficult for the military authorities to keep the adrenalin going, at a time when the "threat" from Argentina is no longer what it used to be.

Since President Raul Alfonsin took over as president last December, there have been no incursions into the 150-mile exclusion zone and a number of officers on the islands wonder privately whether their time might not be better spent back in Europe where Nato commitments remain pressing.

Major-Gen Peter de la Billiere, the new military commander, is insistent that the threat from Beunos Aires should not be underestimated as long as there is no real progress on the diplomatic front.

Nevertheless, there has been a change in the British defence commitment over the last year —a move away from a heavily defended "Fortress Falklands" to a far more limited military presence. On the islands, the word "deterrence" is used rather more often than "defence," and most officers spend more time talking about the excellent training facilities offered by the local landscape than about the prospect of another Argentine invasion.

There are roughly 4,000 servicemen now on the islands (military officials resist giving precise figures for security reasons), compared to an estimated 8,000 immediately after the war. The army presence is focused on a battalion of Coldstream Guards supported by smaller detachments of engineers, army air corps, ordinance, and other "specialists" manning the rapiers and sophisticated anti - aircraft defence systems.

The navy has about six frigates in addition to a nuclear submarine and three converted North Sea tugs used as patrol boats by the marines.

The navy's main activity is to keep a check on the foreign boats fishing in the 150-mile exclusion to make sure that there are no Argentine vessels.

The airforce has around 1,000 men stationed mainly in and around the current Stanley airport. It is there that a squadron of Phantom fighters backed by a similar number of Harriers are on permanent call to respond to an Argentine air attack if and when it is ever picked up on any one of the three "early warning" radar systems recently erected around the islands.

The number of servicemen is expected to be reduced still further once the new airport at Mount Pleasant is operational in April next year, since it will permit rapid deployment of troops in widebodied jets. Gen de la Billiere claims that the options under consideration range from an unlikely minimum of 50 troops to a maximum equivalent to the number of Islanders (about 1,800).

However the nature of the military presence on the Falklands is likely to continue to be largely determined by developments on the diplomatic front and the more strictly political considerations of governments in London and Buenos Aires.

Troops inspecting an Argentine artillery piece on Mt. Longdon.



## Caracas utility deal signals debt progress

By Joseph Mann in Caracas

THE VENEZUELAN central bank and the country's largest private utility—C. A. La Electricidad de Caracas—have signed o foreign exchange agreement which should allow the company to pay overdue interest—and eventually principal—on $669.3m (£515m) in foreign loans.

Although it is still not clear when private sector debtors will be able to pay large sums of interest on foreign loans, yesterday's signing indicated that significant progress was being made on Venezuelo's privote debt problem. Foregin bonkers negotiating o restructuring of public sector debt with Venezuelan representatives in New York city have been pressing for action on the private debt issue. The agreement with Electricidad de Coracas was the first sign of real progress.

Venezuelan commercial, industrial and financial entities owe foregin banks and other creditors an estimoted $10bn (public sector debt totals $27.5bn), and private sector interest errears now total about $1.2bn, according to bankers here. Since the Government imposed exchange controls and other measures in February of last year, bankers have had a difficult time collecting interest on loans made to privote sector clients.

## Replacement likely for Brazilian salary law

BY ANDREW WHITLEY IN RIO DE JANEIRO

PRESIDENT Joao Figueiredo of Brazil was expected yesterday to reach a decision on a new salary law to replace the controversial legislation pushed through Congress last year as a key element in the country's agreements with the International Mooetary Fund.

Pressure no the Government to relax its harsh squeeze on salaries, particularly those of middle income earners, has been growing for months. Most state organisations have already conceded rises ebove those laid down in decree-law 2965, the prevailing legislation.

But what has forced the Administration's hand is the recent passage through the Senate, the Upper House of Congress, of a Bill providing for full inflation correction for all levels of salaries. The Bill, introduced by an opposition senator, is now due to go to the Chamber of Deputies, where it is sure of success.

If approved, this Bill would destroy the strenuous efforts of the past 12 months to curb state sector spending, so as to keep within the IMF's guidelines.

To head off the threat, President Figueiredo is likely to plump instead for an alternotive salery revision proposal, drawn up by the National Confederation of Commerce. This provides for automatic salary corrections equivalent to 70 per cent of the official inflation index and free negotiation for the remaining 30 per cent.



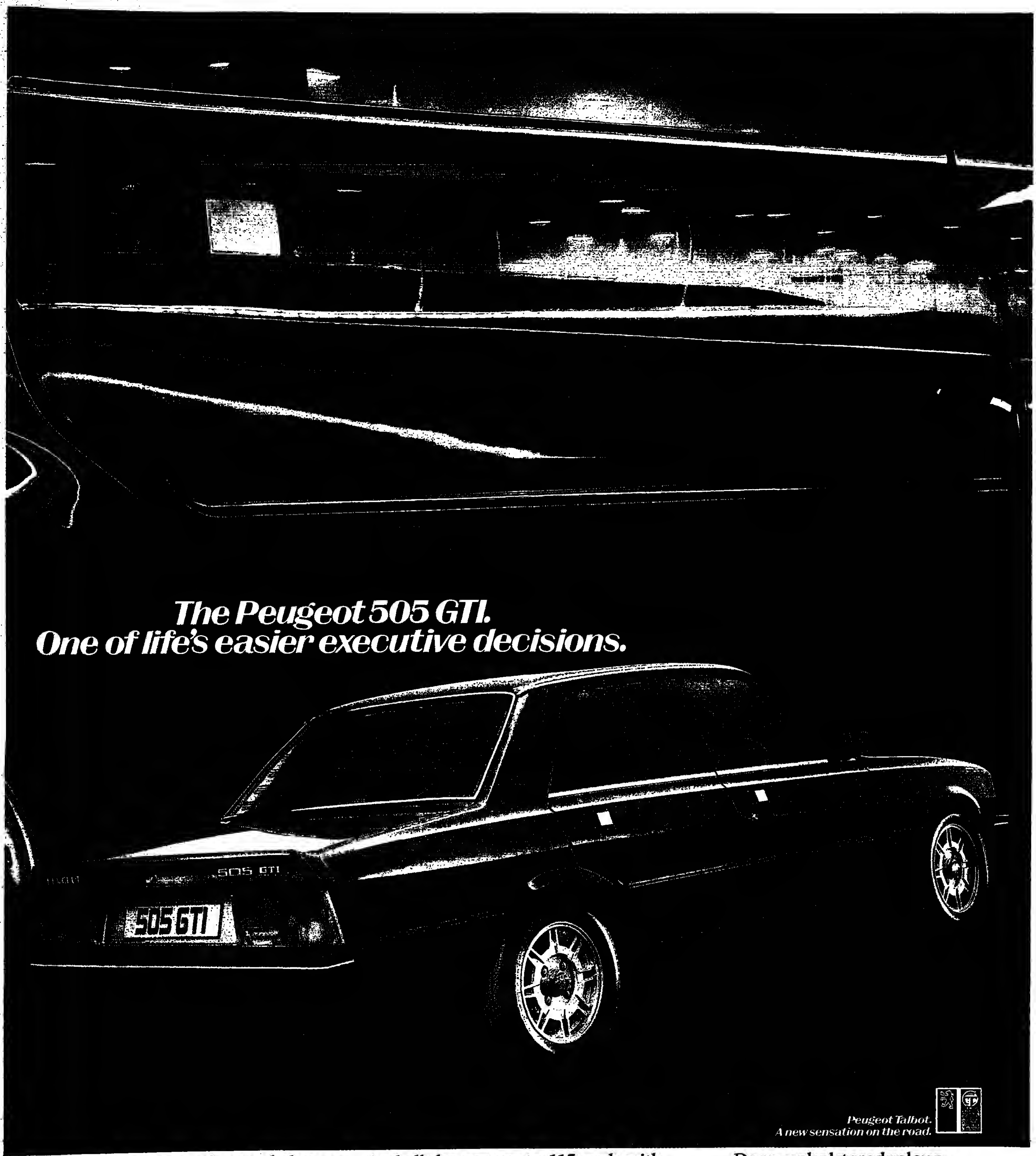
*Company Notices*



*Clubs*



*Art Galleries*

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# WORLD TRADE NEWS

## Dunkel condemns MFA-type safeguards

**By K. K. Sharma in New Delhi**

ANY EXTENSION of special trade protection regimes, such as the Multifibre Arrangement, to other "sensitive" industries would seriou damage national and international economies, Mr Arthur Dunkel, the head of the General Agreement on Tariffs and Trade, said yesterday.

Mr Dunkel, speaking before the Indian Institute of Foreign Trade, said, however, that note should be taken nf the "extreme difficulty of abolishing the apecial regime in textiles. But he added that "it should be remembered that the essence of safeguard action is that it is supposed to be temporary, and justified only in emergency."

The Gatt chief's remarks about the MFA, the international textile agreement set up largely to allow the European textile industry to restructure itself in tha face of rising imports, came as world textile trade leaders were meeting in Geneva to debate U.S. moves to restrict textile imports. The moves are to be effective September 7.

It was vital that effective disciplines were in place and adhered to in order to ensure that safeguard measures were temporary, and therefore did not create long-term dependence on protection i nthe protected industry.

Agriculture, textiles, tariffs and safeguards were all elements of the Gatt's current work programme and would clearly require further negotiation. There were other areas where action could be taken immediately, or where action envisaged in the work programme, was essentially unilateral. He had particularly in mind the elimination of illegal import restrictions.

Mr Dunkel said the response to the U.S. recovery in other countries "has been slow and patchy by comparison with earlier cycles and there is reason to believe that rigidities caused by trade policy have a good deal to do with it."

With world recovery under way, he felt it was essential that it should be supported by removing the impediments to efficiency which had accumulated in the years of recession.

Mr Dunkel pointed out that some governments were hesitant to commit themselves to a new round of global negotiations, as proposed by the U.S., the UK and Japan. He felt that the statement by the Gatt Council that proposals to open a new round would not be convincing unless commitments contained in the Gatt ministerial declaration were carried out did not mean that the idea of a new negotiation was ruled out.

The only precondition for a successful start of a new round was that there should be reasonahle ground to believe that it would be e success. This required confidence on all sides that all participants genuinely wished to strengthen and preserve the multilateral and non-discriminatory trade system that was the general agreement in its totality.

## UK banks expand countertrade activities

**BY FRANK GRAY**

BRITAIN'S BIG clearing banks are expending their export finance services to meet a growing demand for help in putting together countertrade deals.

The international divisions of Barclays Bank, Midland Bank and Lloyds Bank have all appointed teams of countertrade specialists in recent months. National Westminster is also considering similar moves, and bas staff in its trade finance section on hand to examine countertrade proposals "on a case-by-case" hasis.

The latest moves come from Lloyds Bank, which last week announced the appointment of Mr Alan Linger as manager, barter and countertrade, and Mr Roy England, as his depoty.

The moves represent a sharp change of approach by the banks; until 18 months ago, they had been taking a cautious approach to adding advice on countertrade to their export finance services.

Mr Linger: more conventional way of trading

The rationale at the time was that countertrade—the use of bartered goods as part of an international trade transaction—was something of an unknown quantity owing to the uncertain economic and debt problems in the Third World.

Until the recession, countertrade was a matter largely dealt with by Continental trade specialists, many based in Vienna, for dealing with the Comecon hloc, the traditional users of countertrade in their deals with the West.

Mr Linger said yesterday that countertrade now had become recognised by the banking world as a more conventional way of trading. One of the key requirements was to be able to offer customers technical advice on bow to put together complicated deals involving both cash and bartered goods.

"The feeling in the city is that if we didn't offer the services, someone else wuold," he said.

For the most part, staff for the banks are comprised nf what one countertrade specialist called "bankers with a flare for trade," although many fnreign banks in the City have taken staff from the commodities trading field.

Mr Dick Francis, Barclay's specialist, pointed out that countertrade basically was replacement business rather than new business. "It does not necessarily represent new trade but a new way of trading goods that normally would have been sold for cash."

Midland has taken a different approach and uses Vienna as its base of countertrade operations. Its representative there is Herr Helmut Bohunovsky, and the bank'a London representative Mr Gilbert Nockles, operates as a regional specialist.

### Christian Tyler reports on a UK group's winning credit package

## How financing can clinch the deal

PRICE AND product are still important, but in the struggle for large overseas project business these days financing can be the clincher.

So it was for the British turbine manufacturer NEI-Parsons when it beat a strong field of international competitors to win the contract to equip an nil-fired power station in Singapore.

**KRAFTWERK UNION, the large West German contractor, has *beaten eight* other bidders, including six Japanese corporations, for a *major power station contract* in Singapore—despite offering only the third lowest price of S$79.6m (about US$37m), Chris Sherwell reports from Singapore.**

**The contract is for two 100Mw gas turbines in Jurong, the city state's main industrial zone. The units are for the Public Utilities Board (PUB), and are expected to be in operation in the first half of 1986.**

**Both *Mitsubishi Corporation* of Japan, with S$69.6m, and Toyo Menka of Japan, with S$74.6m, *offered lower prices*, while General Electric of the U.S. came in with a *marginally higher bid* of S$79.8m.**

**A PUB official and Kraftwerk's offer met its specifications and was low in price. But the award was a surprise given that price is generally the dominant consideration in Singapore**

NEI-Parsons managed the seemingly impossible — to win against the Japanese in their own backyard. As the company's financial director, Mr Dennis Allen, said: "The sitting tenant was Hitachi, and we pulled the rug from under him."

The company decided they had to come up with the lowest tender price in order to get into the race. But even before the bids went in, they started thinking about the financial package. To beat the list at the tender price or "read-out" stage was one thing; to maintain that lead when the loan offers started to fly was quite another.

In the event, they managed to do both. The contract was awarded over a year ago, the buyer credit was sewn up early this year, and today the ground is being cleared et Seraye Island. The company's Newcastle works has started manufacturing the three 250 Mw turbine generators, standby gas turbines and other pieces which will be shipped out in over two years' time. At around £70m, the contract is believed to be the biggest order ever placed by Singapore in Britain.

Increasingly dependent on export orders to keep its works busy, NEI-Parsons had set up its own export finance division, monitoring currency rates and interest rates, and developing financial techniques with a number of merchant banks.

In this contest, the company faced nine competitors: Hitachi from Japan, KHIC of South Korea, Westinghouse of the U.S., Ansaldo of Italy, Stal Laval of Sweden, Elin of Austria, Kraftwerk Union and MAN of West Germany, and the West German arm of the Swiss contractor Brown Boveri.

To tackle this strong line-up the company had appointed J. Henry Schroder Wagg as their advisers. Both bank and contractor already had offices in Singapore. Mr Allen and Mr Philip Robinson, a director of Schroders International, made numerous trips to the country to talk to the Public Utilities Board that was ordering the power station and get a feel for the kind of loan terms they could proffer.

Even at that stage the idea was germinating of going for a strong, low interest rate currency such as the Swiss franc; even though the conventional wisdom among the exporting community was that no customer would touch a loan in such a hard currency.

"We realised we had to do something very special to compete in the Far East," Mr Allen said. "The Japanese can offer unbelievable terms because everything is in-house." With their trading houses, banks and manufacturing arms, the Japanese conglomerates are well placed to offset currency risks, to take a long-term view of interest rate movements, or to pitch in with a countertrade in order to cancel another competitor's price advantage.

The British team deduced that the Singaporeans would not be averse to a Swiss franc credit. "What people tend to forget is that any country likes a balance in its loan portfolio. They were interested in the Swiss franc because they had little exposure and liked its low interest rate," Mr Allen said.

The package was put together before the OECD export credit cartel, the Consensus, was modified to permit governments to subsidise or underwrite fixed-rate export loans in low-interest currencies. (The Japanese yen had been exempted for some time, but there have been no takers).

So the next problem was to get backing for a buyer credit in Swiss francs when there was no such scheme in the UK. The decision to let the Export Credits Guarantee Department insure the loan was taken at senior governmental level. That in itself was a breakthrough

The upshot first, was that NEI-Parsons was able to put in the lnwest tender price, some 7 per cent cheaper than the next on the list, the Italian company Ansaldo. That was possible, Mr Allen says, because of his company's £25m investment in computer-aided design and manufacture and in sophisticated machine tools. Despite the low tender price, it is believed the company will make a profit on the contract, if not a large one.

Secondly, its Swiss franc buyer credit, provided by a syndicate of Swiss banks and led by the Union Bank of Switzerland, proved to be at least 7 per centage points cheaper than the equivalent yen loan, and 4.5 percentage points less than sterling or dollars would have been. It is thought that the loan is over ten years from commissioning of the plant, with the first instalment four years after signature, and is insured on a "pure cover" basis by the ECGD. No-one is saying whether it is a fixed or floating rate credit.

The fact that Singapore took the Swiss franc option in this case does not mean it will do so again: the whole point was that the British team spotted an opening that others had apparently not seen.

"At the start we felt the Japanese were unassailable," Mr Allen recalls. "Now we know we are at least their equal."

The deal obviously impressed the Japanese and their flattery took the usual form: they copied the technique, successfully to win another project in another Asian country.

## Komatsu plans production in U.S.

**BY ROBERT COTTRELL IN TOKYO**

KOMATSU, Japan's largest manufacturer of construction and earth-moving plant, says it plans to start production of vehicles in the U.S. within the next year. A company spokesman said yesterday that Komatsu had not yet decided whether its venture would take the form of buying an existing U.S. factory, or building a new one.

The Komatsu spokesman said U.S. production was desirable to avoid "trade friction" with U.S. manufacturers, and to insulate the company from the effects of possible future yen-dollar exchange rate fluctuations, a stronger yen relative to the dollar would tend to reduce the competitiveness of Japanese-made products in the U.S. market.

The spokesman said that the size of the probable investment could not yet be quantified, and that product lines likely to be made in the new plant could include bulldozers, hydraulic excavators and highway dump trucks. Analysts say Komatsu may elect to make a relatively modest initial investment in a factory assembling predominantly Japanese-made components.

In respect of Europe, where the marketing practices of Komatsu and four other Japanese hydraulic excavator makers are being investigated by the European Commission, the Komatsu spokesman said that the company may increase its purchases of European-made components, bnt does not at present have concrete plans for localised production.

Earlier this year, Mr Shoji Nogawa, Komatsu's president, said that his company saw several affiliates of the collapsed West German IBH group as "prospective partners" for some type of European tie-up.

● Taiwan has delayed a decision on Toyota Motor's plan to set up a $265m joint venture car plant with 11 Taiwanese companies, Wu Mei-tsun, the vice-economics minister, said, Reuter reports from Taipei.

Wu said it would take several days for Taiwan to consider a counter-proposal from Toyota brought by Mr Gentaro Tsuji, its vice-president.

He said that when Mr Tsuji met Hsu Li-teh, the economics minister, on Monday, the two sides were still deadlocked over the percentage of cars to be exported by Toyota.

The deadlock arose after Toyota disagreed with a Taiwanese demand to export 50 per cent of the plant's planned annual output of 300,000 small cars.

Mr Tsuji told reporters Toyota wanted to go ahead with the project but was wary of export obligations if the world market is sluggish in the next few years.

Wu said a counter-proposal by Mr Eiji Toyoda, Toyota's chairman will be discussed at a cabinet meeting today and a decision is expected in the next few days.

## Thais appoint consultants

**By Boonsong K'Thana in Bangkok**

A CONSORTIUM of Trichem Corp of the UK and Lurgi of West Germany has won a contract from the Bangkok-based National Petrochemical Corporation (NCP) to serve as engineering consultant for Thailand's natural gas-based petrochemical complex to be constructed in Rayong.

The exact contract price was not disclosed, but sources said it is in the region of $2m. A letter of intent was issued last Saturday and agreement will be signed in Bangkok in two weeks.

The complex's upstream production of 300,000 tons a year of ethylene and 70,000 tons of propylene, using indigenous natural gas as raw material, will be the responsibility of NPC. The downstream production of 110,000 tons of high density polyethylene, 100,000 tons of low density polyethylene, 70,000 tons of polypropylene, and 80,000 tons of vinyl chloride monomer will be handled for private companies.

## Western nations urged to oppose trade restrictions

**BY ANDREW BAXTER IN BERLIN**

THE U.S., the EEC and Japan should rigorously oppose the dangerous trend towards bilateral agreements and regulation in world trade and Herr Martin Bangemann West German economics minister, in Berlin yesterday.

Opening the 22nd Partners for Progress overseas import fair which promotes trade with developing countries. Herr Bangemann said the major trading powers bore a particular responsibility for the maintenance and improvement of the multilateral world trade system.

"I am concerned with the efforts undertaken recently in the European Community to concentrate its trade policy more on defensive measures than on new initiatives towards liberalisation," he said. "I hope that the new range of trade policy instruments available to the Community will not be applied merely as a means of introducing more protectionism."

Herr Bengemann said that EEC and other countries should remove the remaining quantitative restrictions on imports from the poorest developing countries as son as possible. At the same time the developing countries could "pursue their objectives better if they themselves were to display an awareness of the need to adopt a more flexible, less restricted import policy."

A similar theme was taken up by Dr Manfred Caspari, the European Commission's Director-General for Competition. "We are well aware that our exports to developing countries will only be able to expand if we keep our own market open. For this reason we should also grant absolute priority for the struggle against protectionism," he said.

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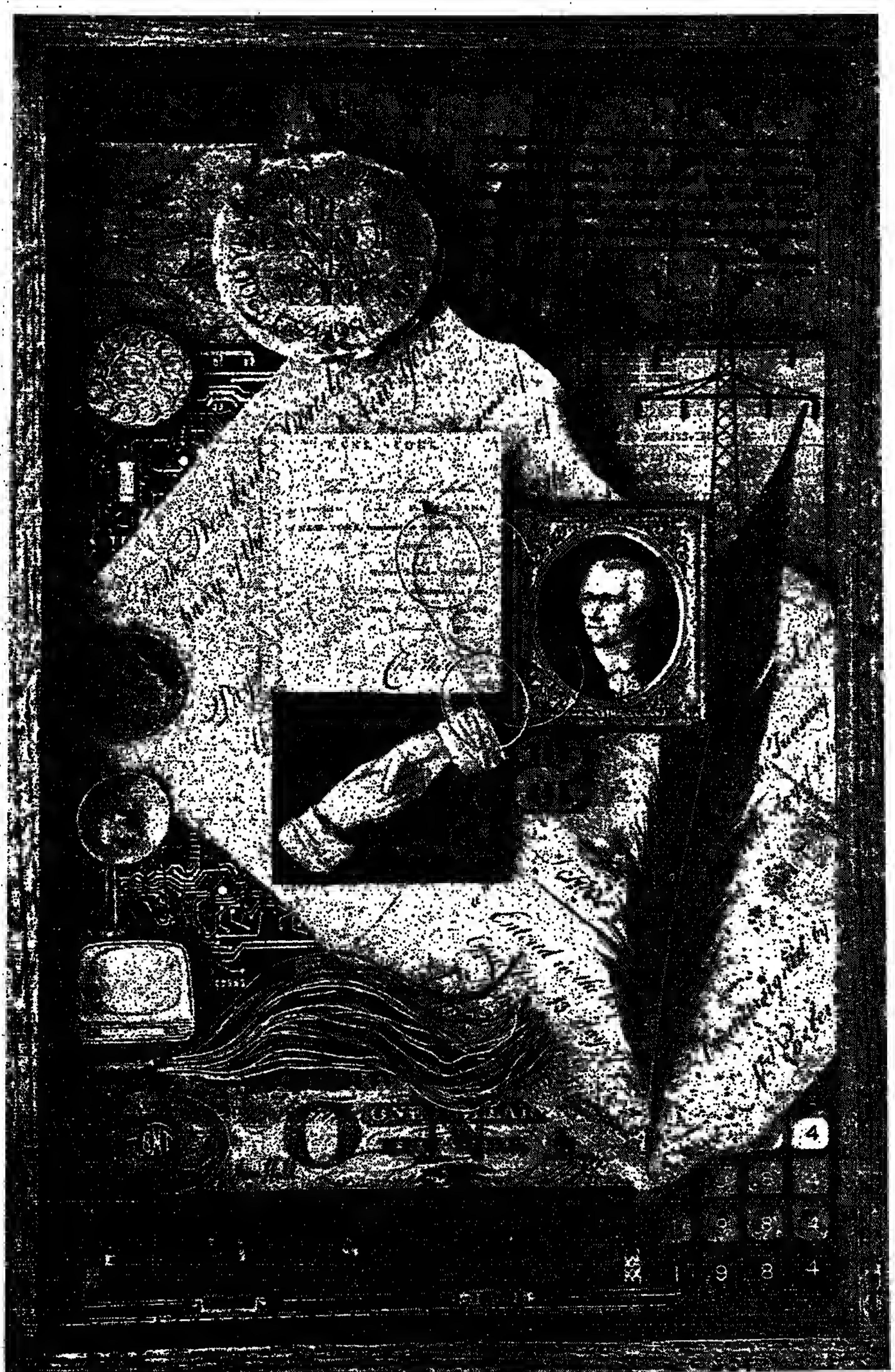

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# APPOINTMENTS

## Research director for Thorn EMI

**Dr K. W. Gray** has become director of research for THORN EMI, responsible for the Central Research Laboratories at Hayes, Middlesex, and for advice on research and related techoology issues. Mr Gray joins Thorn EMI from the Royal Signals and Radar Establishmeot (RSRE), Malvern, the largest electronics technology research laboratory io Europe. As deputy director of RSRE he held the rank of Under Secretary.

★

**Mr Richard Cockman**, managing director of Cockman, Copeman and Partners (CC & P) has been appointed a director of AIDCOM INTERNATIONAL, which acquired 51 per cent of CC & P in 1983.

★

**Dr Martin Adams** has joined CATHODEON CRYSTALS as technical manager. He was previously manager of Thorn-EMI's image device group.

★

STANDARD CHARTERED BANK has appointed **Mr John K. Shield** as managing director and **Mr John H. Ruddy** as a director of its Jersey based wholly-owned subsidiary Standard Chartered Trust (C.I.).

★

**Mr Jeremy Bennett**, currently vice chairman of Hatch Mansfield and Co., has been appointed corporate affairs director of GRANTS OF ST. JAMES'S from September 17. From that date **Mr John Taylor** becomes a director of Grants of St. James's and chairman and managing director of Hatch Mansfield and Co. Mr Taylor has been sales and marketing director of Vine Products since October 1981, and was previously deputy managing director of Hatch Mansfield and Co.

★

**Mr Roger Henderson** has been named chairmao of coucil of THE INSTITUTE OF ADMINISTRATIVE MANAGEMENT. His two-year term of office will commence following the annual meeting oo September 4. He is managing director of Space Planning Services.

**Mr William Mark Dawson** has been appoioted a director of DUNCAN LAWRIE.

★

**Mr Tony Bond**, formerly a senior audit manager at Arthur Andersen, has joined COLLETT DICKENSON PEARCE INTERNATIONAL as deputy financial director.

★

**Mr E. A. King** and **Mr J. R. Oldham** have beeo appointed joiot deputy managing directors of CEMENTATION CONSTRUCTION. Mr King will be responsible for two new divisions overseas and special projects, and will retain overall responsibility for national contracts. **Mr M. V. Casebourne** joins the board, as director, national accounts. Mr Oldham is oow responsible for UK area operations aod pipelines and **Mr H. Maylard** has responsibility for the northern area plus pipelines and mechanical services.

★

CROSLAND FILTERS has appointed **Mr Lawrence Jackson** as director aod geoaral manager. Ha was managing director of TJ Filters.

★

**Mr John Bradley** has joined GRAVITY-RANDALL, part of the Hall Engineering group, as managing director. He was previously managing director of Delta Scaffolding, part of the J. D. Tighe group.

★

CIFER has appointed **Dr John Waddington** to the board as sales director.

★

SWISS BANK CORPORATION (SBC) has opened a oew representative office in Manchester and has appoioted **Mr Mark Deeble-Rogers** to head its local activities. Mr Deeble-Rogers has worked with the SBC in London and Switzerland for 16 years, primarily in corporata banking.

★

SESTARE has made the following appointments: **Mr Brian H. Ahern**, previously commercial director of International Aeradio has been appointed group managiog director from September 11. **Mr Barrington Brealey**, previously director and general maoager of William Press/British Gas joint veoture in Cairo, joined on August 1 as director and deputy to the managing director in Cairo. **Mr J. J. Miller**, previously a main hoard director and assistant managing director of Securicor, has been appointed chairman.

★

AMALGAMATED FOODS has made the following appointments: **Mr Brian Matthews**, formerly an operations director of Linfood Cash and Carry, has joined Amalgamated Foods as national retail sales manager and will have overall responsibility for the retail sales division. The retail sales activity will be divided into four regions, each headed by a regional sales director who will be responsible to Mr Matthews. The appointments are: **Mr D. V. Nicholls**, regiooal sales director (oorth east), **Mr D. G. Kingsland**, regional sales director (oorth west), **Mr M. K. Heaven**, regional sales director (Midlands) and **Mr J. L. Mountain**, regional sales director (south).

# ENERGY REVIEW

## The end of a £500m Irish pipe dream

By Brendan Keenan in Dublin

ONE OF the most ambitious economic projects for cross-border co-operation in Ireland is on the rocks less than a year after being launched with fanfares in Dublin and Belfast.

Irish and British Government Ministers were reluctantly concluding this week that the £500m scheme to pipe natural gas from Dublin to Belfast was dead. Britain was to have spent £150m on the capital costs from the Irish border to Belfast and would have paid the Republic a further £5m towards piping the gas to the border.

Now the only point of difference between the two Governments was how to announce the news that it is all over. The Irish Government, convinced it had a morally-binding agreement in last October's Memorandum of Understanding, was determined not to be involved in calling off the deal, even through a joint statement. Instead, it was determined that the British Government alone should announce the collapse of the project.

The main victim of the failure may be the concept of Irish cross-border economic co-operation. This has been advocated in many areas, such as transport, industrial policy and tourism. But the failure of the gas project has left a sour taste, and Dublin politicians and civil servants have gone so far as to wonder whether they can do serious business with the British.

In Belfast, the collapse of the deal is the latest episode in the seemingly endless uncertainty which surrounds Ulster's energy problems. It has depressed the province's vigorous pro-gas lobby and boosted the morale of those who want solid fuel to be its dominant source of energy and heat.

Politicians had for long harped on the fact that Northern Ireland was the only major part of the UK not plugged into Britain's reservoirs of natural gas in the North Sea. They depicted this as unfair discrimination against a loyal part of the UK.

Without such a supply, there was no prospect of avoiding the total shutdown of the shrinking gas supply network now left with only 3 per cent of the Ulster energy market.

In the 1970s, there had been a lively campaign in favour of linking Northern Ireland to Scotland by undersea pipeline. This was over-ruled during Mrs Thatcher's first administration only to be overtaken, shortly afterwards, by the prospect of plugging Ulster into the natural gas supplies being brought ashore by the Irish Republic.

In view of all these changes it is not surprising that some Ulster observers believe this cannot be the end of the story. With "green gas" ruled out, they say, the gas distribution lobby there might desparately try to resurrect the "Tartan" gas option for supplies from Scotland.

Meanwhile, there are dark mutterings in some Dublin quarters that the project had foundered on political objections by the Ulster Unionists. The truth is more complex but no less depressing and calls into question the basis of cross-border co-operation about which southern politicians talk so eloquently.

As the shroud of secrecy, which surrounded the original deal, has gradually been stripped away, one curious fact seems to have emerged. It was, if anybody, the British Government which paid a political price to get the project off the ground.

The Irish Government's terms were strictly commercial and nowhere was there any suggestion that Northern Ireland might be given a "special offer" in the interests of intra-Irish development.

Dublin's negotiators stuck to their argument that the gas must be priced at the equivalent of heavy fuel oil. Their reasoning was that, with 17 per cent of the output from the £10bn Kinsale field going North, the Republic would have to substitute oil for gas in its power stations.

The memorandum signed last October seems to have reflected that position. Under a formula worked out two years earlier, the price of the gas was related to heavy fuel oil and gas oil spot prices, at current dollar exchange rates. Last October, this meant a price of 26p per tharm.

Many officials in Belfast's Department of Economic Development were dubious about these terms from the beginning. If the sales of gas were to quadruple — as the project demanded — it would have to be highly competitive with other fuels, particularly coal, which has a high market share among Belfast domestic users.

The Northern Ireland Government was committed to phasing out the annual £12m subsidy to the Northern Ireland gas industry which left little margin to recoup the expected £150m investment, given a probable end price to the consumer of below 70p per therm.

Mr James Prior, the Northern Ireland Secretary, was keen to see the plan go through, both to save 1,000 gas industry jobs in a province with 23 per cent unemployment, and to show that co-operation with the Republic could be beneficial. The idea had first been launched, after all, by staunch unionist MP Mr Harold McCusker. Mrs Margaret Thatcher had also endorsed the political benefits after her November meeting with Dr Garret FitzGerald, the Irish Prime Minister.

Mr Adam Butler, the Minister in charge, is generally regarded as the resident "dry" in the noticeably damp Northern Ireland Office. He was apparently persuaded to support it on the basis that the Government would seek the maximum private involvement. Most people in Belfast believe it was the failure to attract private concerns which finally doomed the plan.

All might have been well had the U.S. dollar remained stable or fallen against sterling in the period after October. Instead it went from $1.50 to the pound when the memorandum was signed to $1.30. If the gas were flowing across the border today, it would cost more than 30p per therm, equivalent to 36 Irish pence. That is not far short of the price which big industrial end users in the Republic pay for the gas, and way above the price paid by state concerns like the Electricity Supply Board or the fertiliser plant in Cork.

Any lingering potential investors in the Ulster gas project would also have been dismayed at what was happening in Dublin itself. One Minister has resigned over the I£170m project to convert the city to natural gas and experts there have warned that losses could be enormous if the ambitious sales targets were not met. This was despite the fact that the Irish gas utility, BGE, pays only 10p per therm to Marathon Petroleum, which discovered and operates the Kinsale Field.

Left to right: Mr de Lorean, Mrs Thatcher, Mr FitzGerald and Mr Prior

Meanwhile, Britain's National Coal Board and the Northern Ireland Electricity Service had been lobbying hard against the deal. They want the UK Government to sanction a £80m scheme to convert the Kilroot power station from oil to coal to reduce province's 90 per cent dependence on oil.

Although converting Kilroot was not incompatible with building a gas pipeline, there had been fears in the coal lobby that investment in the latter would slow down the former. There is now quiet confidence that approval of the power station conversion only awaits the conclusion of the British coal miner's strike.

The final blow to the pipeline was a report from consultants Deloitte, Haskins and Sells suggesting that the original market projections were over-optimistic, and largely endorsing the objections raised by the solid fuel lobby prior to last October's decision in favour of the pipeline.

On a different level, there is some speculation, too, as to the unwitting role which Mr John De Lorean might have played in the demise of the gas project. The Northern Ireland Civil Service received a severe pounding from the House of Commons Public Accounts Committee over the £70m debacle of the Belfast car factory. Still scarred by this experience, senior civil servants are said to be adamant that they will not court another economic blunder in Ulster.

The latest British attempt to re-negotiate the deal, when it came, seemed clumsy. Dublin responded by showing no inclination to soften its terms, even though, in the view of several economists, loss of the deal would cost the Republic more than Northern Ireland.

With Belfast becoming a prime user of gas, the South would have made net earnings of £20m a year. In addition, the development of a distribution network involving Ireland's two biggest cities would have meant economies of scale. Some economists doubt whether Dublin or Belfast is large enough to justify the provisions of natural gas to domestic consumers independently.

Each country calculates its own advantage and negotiates on that basis. Although understandable, it is in stark contrast to the political rhetoric about co-operation.

# TUC to take softer line on labour laws

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE Trades Union Congress in Brighton yesterday substantially softened the practical effect of its opposition to the Government's labour legislation by insisting that unions would not receive automatic support from the TUC if they defied the law.

However, the decision was only reached after an extraordinary degree of public confusion over the voting on the issue. A crucial vote had to be retaken and reversed more than four hours after it was originally carried.

The decisions at Brighton leave the TUC facing two ways over the law. This will allow TUC leaders the flexibility they want in responding to individual cases.

By formally approving a TUC General Council statement contained in the annual report to the congress, which makes it clear that support will be given to unions only on the merits of their cases, congress effectively agreed a softer line than outright opposition.

However, a row between left and right-wing unions centred on a motion from the National Graphical Association print union, which made it clear that the TUC will if necessary back union action which is illegal.

In an impressive speech, Mr Tony Dubbins, NGA general secretary-elect, told the congress that to support his union's motion would mean that the TUC would be supporting unions which were "forced" to break the law.

He said: "The problem is that it is not possible to have an effective industrial dispute and remain within the law."

Arguing against him, Mr Roy Grantham of the white-collar union Apex, wanted the TUC to pick winners in industrial disputes, not losers. He said: "We must fight when we have a chance of success and not when we are sure to lose."

Mr Dubbins attacked his views as an "outrage and a disgrace."

Mr Tony Christopher, of the tax staffs' union, said that the NGA and its allies were trying to "hike up" the TUC's previous position on the law.

Mr Len Murray, TUC general secretary, argued that it was not realistic to expect the TUC to give unions automatic support. Sometimes union leaders had to tell their members they were not going to win in a dispute. That was "the oldest realism in trade union history."

The congress at first rejected by 5.8m to 4.3m votes an amendment which would have made TUC support conditional on an individual union's case, in line with the General Council statement.

The outcome of this vote caused considerable confusion, particularly for the white-collar union Nalgo, which thought it had voted on another amendment.

Nalgo leaders pressed for the vote to be retaken. When it was, the earlier vote was reversed and the amendment carried by 5.3m to 4.7m votes.

## THE MOVES BEHIND THE MAXWELL INITIATIVE

# How the pit talks plan stumbled

BY JOHN LLOYD AND DAVID GOODHART IN BRIGHTON

THE LATEST, splashiest, wackiest attempt to bring the six-month-old miners' dispute to a conclusion ground in the dust late on Monday night, surrounded by the same media circus which inaugurated them.

However, the talks may not be dead. The fact that provisional agreement had, for a heady 24 hours, been arranged is a pointer to further attempts that may be better prepared and thus more successful. For the moment, the Maxwell initiative – so dubbed after Mr Robert Maxwell, chairman of the British Printing and Communications Corporation and of Mirror Group Newspaper – is something of a textbook example of a well intentioned failure.

Mr Maxwell is an enormously energetic and successful businessman who has carved lumps out of his BPCC labour force to, as he puts it, preserve the company without significant industrial action. A former Labour MP and still a party member, be tried in the course of the National Graphical Association dispute with the Stockport Messenger at the end of last year to intervene via Mr Walter Goldsmith, then director general of the Institute of Directors, who was advising the Messenger, but was rebuffed.

This time, he prepared his ground rather better. He made a well publicised visit three weeks ago to Mr Arthur Scargill, the mineworkers' president, and Mr Peter Heathfield, the union's general secretary, and gained, in the course of a five-hour meeting in a private room in the Hallam Towers Hotel, a detailed rundown or the NUM's case. Last week he talked to Mr Ian MacGregor, the National Coal Board's chairman, to ministers (probably Mr Peter Walker, the Energy Secretary) and to civil servants. He believed he had a basis for renewed talks. Last Saturday, the Daily Mirror announced that new talks were on the agenda. Not surprisingly, it was a scoop.

Mr Maxwell arrived in Brighton in his Rolls-Royce on Sunday, checking into the Grand Hotel, where a 20-strong Mirror group editorial corps was already established. Late on Sunday afternoon be turned up at Mr Scargill's suite at the nearby Curzon Hotel – and from there he telephoned Mr MacGregor. With him were Mr Heathfield, Mr Mick McGahey, the union's vice-president, Mr Mike Molloy, the Daily Mirror's editor, and Mr Geoffrey Goodman, the Mirror group industrial editor.

Mr Maxwell's part of the conversation was thus witnessed, and the consensus is that talks were agreed by both sides (although they did not talk directly) without preconditions on either side. Next morning, the *Daily Mirror had another scoop*, saying that talks would take place in London later in the week.

Talks were, in fact, arranged for today in a Gatwick hotel. They were then called off because Mr Ned Smith, the NBC's industrial relations director, had been unaware that his chairman was in Greece

Mr Arthur Scargill

that day. They were then set for tomorrow.

On Monday night, as rival newspapers were grudgingly writing stories that the Mirror group chairman appeared to have achieved a negotiator's breakthrough, Mr Smith called Mr Heathfield. According to the latter, Mr Smith said be understood that the NUM would edopt a more flexible line on pit closures on economic grounds. The NUM's opposition to such closures had always been the main stumbling-hlock for the board.

Mr Heathfield, hot-foot from a Trihune rally in which he had said the NUM thought no such thing, relayed just that message to Mr Smith – who is then reported to have said that, in that case, the talks were pointless. To pile confusion on confusion, Mr MacGregor appeared on Newsnight soon after the Smith-Heathfield conversation to give an interview emphasising that the board still looked for a recognition by the NUM of the "realities of life," but that he looked forward to talks.

By noon yesterday, Mr Scargill was in the lobby of the conference centre, pulling journalists away from the debate on the NGA versus the Stockport Messenger to tell them that the board, yet again, was fully at fault for the breakdown and that the TUC would now be called to deliver the support it had promised.

Mr Maxwell gave interviews for the lunchtime news shows to say he was "bitterly disappointed," and Mr David Basnett, general secretary of the General Municipal and Boilermakers' Union, was hard on his heels in the same mood.

Speculation among general council members, probably shared by Mr Maxwell, was that the Prime Minister, chary of being seen to be offering negotiations under pressure from the TUC's support for the mineworkers, had told Mr MacGregor to scrap the talks. The NCB, edding yet a further twist to the all but farcical nature of the event, made a statement saying that as far as it was concerned talks could still be held.

What remains? The main element appears to be that the general council was involved in the attempt.

# Industry fears price of electricity will show significant rise

BY MAURICE SAMUELSON

LARGE energy users in the UK fear that electricity prices will rise significantly over the next few years, with little prospect of ending the disadvantage they claim to suffer in relation to big electricity users on the European continent.

The complaint is made by the Chemical Industries Association, which says the Government has made no positive response to repeated representations by energy-intensive industries and the Confederation of British Industry.

The association, in its latest energy bulletin, lists several reasons for concern. They include uncertainty about who will pay for the higher oil burn during the miners' strike, ending of a special contracts scheme for industrial companies, the threat of tougher financial targets for the electricity supply industries, and the cost of possible pollution legislation affecting power stations.

Although such pressures might be counterbalanced by the electricity industry's more favourable cash flow and investment outlook, the association fears that power prices in general will rise significantly.

The association says UK chemical manufacturers pay higher electricity tariffs than their competitors in France, Italy and the Netherlands, although the 2.61p a unit for UK bulk consumers is exceeded by the 3.86p paid in Belgium and the 2.79p a unit paid in West Germany.

Ironically, one effect of the UK miners' strike is to increase the attraction of switching to coal from heavy fuel oil, the price of which is being pushed up by the higher oil burn in power stations. The association notes that there have been no price rises for coal since late 1983 and that none is planned until November, when the National Coal Board target is for an increase not greater than the rise in inflation.

"Even the NCB's internationally high 'averaged' price of coal to UK industrial customers gives it a remarkable edge over other energy sources . . . . and explains the great potential interest in a return to coal-firing, given a trouble-free situation," the association says.

Coal costs UK industry 19.7p a therm, the use of natural gas on an interruptible contract costs 26.8p and heavy fuel oil is 40p.

About 30 schemes by chemical companies for converting to coal firing have received approval for government aid. The association describes uncertainty about the security of UK coal supplies and restricted access to imports as "among the major obstacles to company decisions to switch to coal." It adds that widespread concern about environmental aspects of coal handling is exaggerated

# Rolls 'needs sales' for military engine

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE, the state-owned aero-engine company which the Government wants to privatise before the next general election, "desperately needs new military engine sales in the early 1990s," Mr Derek John, the marketing director of the company's military engine group, said at Farnborough international air show.

The RB199 engine is the mainstay of Rolls-Royce's military engine production work. The programme of engine deliveries for the Anglo-German-Italian Tornado fighter-bomber is already past the halfway mark, with the 1,000th RB199 delivered recently to British Aerospace.

Engine deliveries for the Tornado will be completed in the early 1990s, and Rolls-Royce is considering foreign licence production of the engine and a completely new military engine to replace the RB199.

Rolls-Royce is talking to aerospace companies in India and Yugoslavia, both already licence producers of Rolls-Reyce engines, about the possible manufacture under licence of the RB199.

Licence production of the RB199 would ensure some continuity of revenue from military engines, but would not replace work on the shop floor of Rolls-Royce factories in the UK.

One possible replacement engine would be a new military engine for the proposed, but not finalised, design for the European Fighter Aircraft (EFA).

Mr John Wragg, the Rolls-Royce director of corporate engineering, said it was certain that the EFA would use a brand-new engine, with two required for each aircraft.

This would not be a derivative of the RB199, although some of the RB199 technology could be used. Rolls-Royce has been working for some time on a new technology suitable for the new EFA engine.

● Hindustan Aeronautics, the Indian company which already makes the Rolls-Royce Adour engine for the licence production of the British Aerospace Jaguar fighter bomber, said it was talking with Rolls-Royce about licence production of the RB199.

# BHP to set up oil search unit

By Stefan Wagstyl

BROKEN HILL Proprietary (BHP), Australia's biggest company with interests in steel, mines and energy, is recruiting staff for a planned oil and gas exploration office in London.

Mr Brian Griffiths, BHP's general manager for exploration, is in London to find staff for the office, which the company hopes to open towards the end of the year.

His visit is part of the Australian group's plans to expand its North Sea stake. The company at present has only ooe stake, an exploration permit in Block 12/22.

Mr Griffiths said BHP was "looking at everything that might be available and judging it on its merits." He suggested that no major BHP purchases were imminent, and said that the first step was to establish the exploration office.

The group yesterday denied speculation that it was about to make a major purchase by acquiring Lasmo, which has substantial interests not only in the North Sea, but also in Indonesia, another area of potential interest to BHP.

Australia's North-west shelf project, Page 16

# Demand for consumer credit stays buoyant

BY PHILIP STEPHENS

DEMAND for consumer credit in Britain was buoyant in July and retail sales were slightly better than initial estimates, according to official figures released yesterday.

The Department of Trade and Industry said that new credit advanced by shops, finance houses and other consumer loan organisations rose by £974m during the month.

The increase was below the record jump of over £1bn recorded in May but up from £927m in June. The total amount of credit outstanding at the end of July was £15.8bn, 21 per cent higher than for the same month a year earlier.

Most economists believe that the rate of expansion will begin to slow significantly later this year as the effect of hire-purchase changes diminishes.

The evidence of recent months, however, is that any such trend could be more gradual

# TV-am makes its first monthly profit

By Raymond Snoddy

THE COMMERCIAL breakfast television channel TV-am, which seemed close to collapse earlier this year, made its first small operating profit last month.

The company's net advertising revenue was £1.3m in August, compared with running costs of £1.2m.

The company suffered little in audience terms for its decision to pull out of live Olympics coverage.

The financial picture has improved enough for TV-am to be coosidering buying satellite time for live coverage of the U.S. presidential elections.

# Pressure to change pub hours

***DAVID CHURCHILL* reports on the formation of an action group to fight for more flexible public house opening hours and to reform what the English Tourist Board calls "archaic" laws.**

A FRESH attempt to change drinking hours in England and Wales is to be discussed this month by a newly formed lobby group including the licensed trade, tourist boards and hoteliers. The aim is to put pressure on the Government to reform "archaic" laws.

The Flexible Hours Action Group (Flag), is meeting at a time when the Home Office appears increasingly willing to consider reform of the licensiog laws.

Home Office officials are under increasing pressure from civil servants in other departments responsible for the tourist and leisure industries. They feel that licensing reform and the ending of restrictions on shop opening hours would help to create jobs in these growth industries.

The chances of immediate Government action appear slim, although if legislation on allowing shops to open when they choose becomes law within the next year, the chances for new licensing laws will be enhanced.

Mr Michael Montague, chairman of the English Tourist Board and soon to head the National Consumer Council, is a staunch advocate of licensing reform. "I believe there is good cause for confidence that the Sunday trading laws will be reformed in the lifetime of this parliament," he says. "The same, alas, is not my present assessment for the licensing laws."

Mr Montague believes the present licensing laws are no longer simply quaint and old-fashioned but "archaic and absurd." He says that "visitors to this country" are not only amazed when they cannot get a drink in the afternoon but are also often irritated and angry." Permitted hours for the sale of alcohol in England and Wales are stricter than almost anywhere outside the Moslem world.

The licensing laws for England and Wales developed under the emergency powers of the First World War and were consolidated in the Licensing Act of 1921, which introduced the principle of permitted hours, a concept which empowered local magistrates to set the times when drink could be sold. The general hours were modified to their present form with the Licensing Act of 1961 and consolidated in 1964.

However, the hours vary considerably in many parts of the country and complexities are created by special hours licences and extensions.

In Scotland, laws enacted in 1976 allow much greater flexibility. Public houses are allowed to stay open for a longer period, depending on customers' needs and the suitability of the premises. In Wales the position is also different, since Sunday opening in determined by public polls called in each district every seven years.

The Scottish flexible licensing hours, it is claimed, have made drinking more leisurely and civilised, made public houses more appealing, especially to women, and encouraged them to provide more food. These claims are made from the results of two recent surveys by the Brewers' Society.

One big objection to extending drinking hours is that it would increase alcohol abuse, particularly among young people. Mr Charles Tidbury, chairman of the Brewers' Society, rejects this argument by pointing to the Scottish results and says that "the sad, small minority who get into trouble with their drinking are not affected by pub hours."

Mr Tidbury says brewers want the more flexible Scottish system to apply to England and Wales.

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## ICI in transition

# Why 'end use' is the latest obsession

**Carla Rapoport** reports on how the divisions of Britain's major chemicals group are adjusting to the implications of changes to the main board structure, described in Monday' article on this page


"CUSTOMERS WERE an unnecessary disruption of our otherwise comfortable life," says Robin Farmer, sales manager of ICI's Mood division. "It used to be a privilege to buy from companies like us."

As Farmer's comment shows, John Harvey-Jones, chairman of Imperial Chemical Industries, does oot have the monopoly on candour at ICI. While Harvey-Jones has brought in a refreshing change to ICI's top management, it is at the company's powerful divisions that those changes are having their greatest effect.

The divisions of ICI, flung out from North Yorkshire to Cheshire to Hertfordshire, are still redolent of ICI's past grandeur. Most still maintain a sumptuous dining room and fete their guests with vintage wioe poured into crystal glasses. But at a recent lunch at Crimple House, a stooe mansion oo the hill oear Harrogate, the host was not present. John Lister, the head of ICI's fibres division (annual sales: £565m) had to make his apologies in favour of a group of visiting customers.

Earlier, in his large wood-panelled office, Lister explained how the changes at ICI have transformed things. "Go back just ten years ago. Production plants were isolated, producing as much as possible with the least inconvenience to themselves."

"Contact with customers would be limited to one distribution man and one technical man. Now, I've got one-quarter the technical staff covering twice as many products, with these people spending 30 to 40 per cent of their time at customers' plants," says Lister.

The theme of reversing the order of business—away from production and technology obsession and toward end-use obsession—is sounded throughout ICI. The reversal is more a change of priorities than a break with the past. The huge successes achieved in product innovation and plant efficiency are blocks on which current divisional managers are still building. But at the same time, no one is shy about exploring the shortcomings of a number of the old way of doing things.

"We were very introverted," says Dr John Clark, R and T manager at Fibres. "We got our new machines up at Pontypool in 1979 and said to our staff: 'It makes new yarns, go out and sell them.' It took three years to fill up production. The last line on that plant just started," he says with a grimace.

"The company had a touching faith that good technology would be good business," says Keith Taylor, R and T manager of ICI's Petrochemical and Plastics Division at Wilton, near Teesside. "That worked in the 1960s." According to Taylor and others, the emphasis on the technology caused ICI to miss the significant fact that plastics had lost their lustre in the general public's eye.

"The industry really ignored a golden opportunity to use plastics in an aesthetic as well as functional purpose. We were better at engineering than design. As a result, people think of plastics as heavy, sweaty mackintoshes, and we never really cared about that. The technological problems of how to make the plastic were always more interesting. Most would duck the end-use problem, it would be a turn-off," says Taylor.

The company's various products, not surprisingly, were sold by product sector, not by end-use. "Typically, we'd be selling four products with four sales reps to the same industry. The car industry said we were bloody daft. You'd find two divisions competing for the same business. Such as nylon resins battling with reinforced polypropylene," says Taylor.

According to Robin Farmer at Mond, ICI's large inorganic chemical division (annual sales £1.5bn), middle managers used to battle with each other similarly to the way the main board of ICI worked. "A strong works manager, for example, could influence investment for a major personal objective, rather than looking at the needs of the business. Business linking was poor and customer service was poor. When things went wrong, sales and distribution would constantly feud over whose fault it was," says Farmer.

And even on a production level, things went wrong at Mond. In 1978 it made a beachhead in Europe, building a bugc chemical intermediates plant in Wilhelmshaven and later acquired a large plant in the same business in the UK. "We created our own overcapacity," says Farmer. Why? Farmer pulls out a chart, "This divisioo had over 100 years of growth, from 1870 to 1973. If you saw things slowing down, would you believe it was a blip or an end to growth?"

Farmer says the group's profitability is "unacceptably low," even though it improved to £107m on sales of £1.5bn, compared to £60m in 1982. He says Mond wants to double its profit.

To this end, the group has streamlined its management and stepped up customer-service. It is also working on new businesses, with higher profitability than that made in selling commodity chemicals. These range from the possibility of selling branded packages of bicarbonate of soda, to developing a management services package for customers interested in improving their own management techniques.

At Mond, as at fibres and other divisions, however, it is hard to get a manager to predict wbether the changes 'vill secure ICI's prosperity during the oext cyclical downturn.

"The winds of change have been ice-cold," says Derek Bucknell, personnel manager of petrochemicals and plastics. That kind of shock preveots most from forecasting too far ahead. John Lister answers the question with an example:

"Since the oew regime at Millbank, (the ICI beadquarters in Loodon), we present budget plans in September or October, with two numbers, cash and profit. Theo it's go away and do it. In the old days, we were measured in 1,000 ways, every cooceivable output according to the flavour of the mooth. You couldn't run a business like that."

Others point to the smaller management teams. ICI's largest division, petrochemicals and plastics (annual sales £2.3bn) has six people running it today, compared to 25 previously.

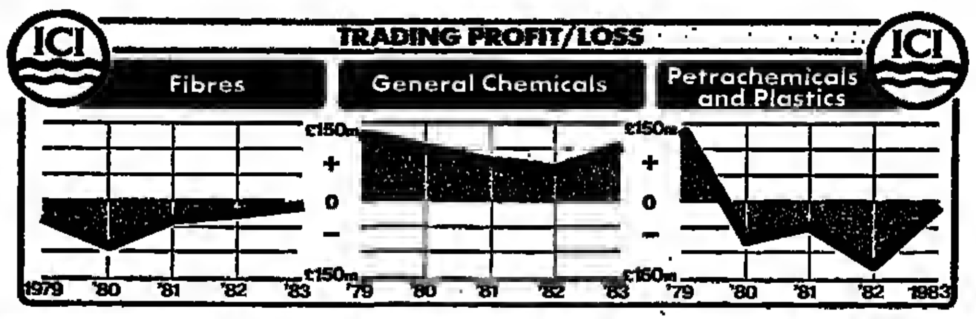
And others point to the new sort of forward planning. "Think about the can," says Keith Taylor. "There could be a lot of differeot solntions to a oou-metal can. Something more like a tray, maybe. We have to be visionaries."

For the moment, the successes of the new way of doing things bave, by their nature, beeo small triumphs. The solid feeling of security given off by a £200m investment bas given way to the feeling of satisfaction created by the success of a new fibre or new use for an old one.

Tactel, for example, a synthetic fibre made to feel like cotton, oow accounts for 10 per ceot of Fibre divisioo's sales. Astarite, an acrylic ICI developed a few years ago without a apecific eod use has now found a bappy bome in plastic sinks, thinks to the collaboration between ICI and Fordham Plastics (annual sales £11m). Fordham says that 20 per cent of British bomes should have the colourful oew sinks within five years, with sales currently doubling each year.

"We lived with growth and were thinking of growtb until the recession," says John Coleman at Fibres. "Tben we discovered that coping with lt wasn't a matter of cutting people and cutting costs. We had to start spacing ourselves from the competitioo."

And according to reports throughout ICI, lt's a process that is likely to continue even after the John Harvey-Jones era.




## Information technology

# The wasted expenditure

BY ARNOLD KRANSDORFF

WHEN A medium-size UK finance house recently started to feel the pinch of competition, it decided to spend some money on a computer. It wanted to cut its administration costs as well as respond more quickly to customer enquiries for bire purchase and other types of consumer loans.

In the event it decided to go for the so-called paperless office, a concept that involves investing in en expensive computer system which has a large storage capacity and a sophisticated indexing facility.

In all, the system cost well over £500,000 but the development programme had to be curtailed when it became apparent that operatiooal costs would exceed the beoefits.

In another instance recently, a multinational oil services company with a large UK presence decided that lt needed to modernise its administration procedures by standardising lts systems world-wide through tha group's central mainframe computer.

On the advica of lts suppliers, the company signed a deal worth "several million pounds" to instal a system over a four-year period. But only weeks after the contract was clinched the supplier launcbed a more appropriate, cheaper and easier-to-use system.

These two examples, which illustrate some of the less successful applications of the ubiquitous computer; are just a small proportiou of the estimated £4bn-£5bn that UK companies will spend this year on so-called information technology (IT), the generic term used to describe all the forms of data processing going oo in the modern office. But up to 20 per ceot of this figure is being wasted in ways similar to the examples quoted, according to the authors of a recent study* sponsored jointly by the Department of Trade and Industry and the Institute of Administrative Management. The survey, which follows an Economics Development Committee report earlier this week warning that Britain's information technology industry is facing a "crisis of survival," also reveals that a major reason for some of this expenditure is that companies hope to cut their workforces rather than increase output.

Tom Bevington and Max Hand, of management consultants A. T. Kearney, which was commissiooed to identify tha maio barriers to the use of IT within industry and commerce, found that employers were throwing away between £40m and £50m a year on "inappropriate solutions" and "over-engineering."

New IT-users, they have concluded, are frequently choosing the wrong systems or installing unnecessary capability. Some smaller companies are wasting up to 50 per cent of their IT expendtiure, they add.

The worst offeoders are local governmeot while the most efficient users are in the chemical sector. In the financial services sector, clearing banks turn out to be the biggest investors in IT at the moment and are the most efficient nsers; several building societies leave a lot to be desired, though, they say.

## Weakness

The study, which reflects the views of directors end data processing managers in 235 companies, is a follow-up to another recent IAM survey into administrative costs that identified the relative weakness of Britain in exploiting IT as a weapon to improve competitiveness.

For the purposes of the study the anthors set out to identify the leaders and laggers among their respondents. Broadly, these categories corresponded to companies which were advanced users of IT and the unsophisticated user, the former being defined as those having at least a cost justification procedure for project aothorisation and an IT plan that was aligned with the business plan.

Only a quarter of the respondents fitted into the category of being a leading company.

In simple terms the authors found that successful IT-users had the IT or DP function chanelled through its own director, or at least through the director wbose activities are most affected by the new technology.

However it was found that more than two thirds of lagging companies have their IT or DP decisions made by the finance director (the figure was up to one third among tha leaders). And Bevington explains: "It is clear from tha study that if you want to be a leading IT-user, make sure that IT or DP does not report to the finance director.

"It would be wrong to say that the finance director is a weak link, but it would seem that he is not always the most appropriate person for the job because be may not be close enough to the operational side of the business."

In highlighting the main motivation of companies to invest in IT, the survey states that more than 80 per cent of respondents saw their main objective as controlling head-count costs. Their other priorities were to increase managers' efficiency, make the most of direct labour productivity and maximise office productivity.

Only 40 per cent thought that monitoring the competition was a major objective.

The importance attached to cutting the workforce is significant because IT has e direct or indirect bearing on up to 12m clerical and managerial jobs in the UK — equal to half the nation's workforce.

Bevington estimates that IT investment is resulting in a 2.4 per cent shakeout in administrative staff every year, which means a potential extra 150,000 people in the dole queue.

From the study's findings the authors have been able to draw up a list of characteristics of the most efficient users of IT. These are:

- The company will be exploiting IT for competitive edvantage.
- Top and middle management will be closely involved in IT projects, with directors controlling the allocation of resources and senior managers sponsoring and leading projects. They will not have delegated this responsibility to the DP manager.
- Project needs will be defined precisely at tha outset by the ultimate user using cost/value techniqnes. Cost/benefit targats will be set, agreed and monitored.
- The company will have formed strong links with its IT supplier.
- The company will be more likely to place emphasis on training, quality of documentation and using software packages for routina tasks.

* *The Barriers and Opportunities from Information Technology — a Management Perspective, available from A. T. Kearney, 134, Piccadilly, London W1. Price £60.*







# THE ARTS

## Advertising and television/Feona McEwan

# Switching to the profit motive

Television has become the national pursuit. We spend an average of 21 hours a week watching—though this falls by up to ten hours in summer—and the television companies are in pursuit of our custom.

You, the viewer, are a wanted person. The battle to keep your finger firmly on the button, and preferably on a particular button, is a fierce and unrelenting pressure that fuels the inter-station rivalry. Every Party, the television stations and the advertisers, has its own reason for needing your attentions.

The Beeb, as well as maintaining programme quality, woos viewers to guarantee its licence. Though it declares no interest in ratings it seems to behave otherwise, says the advertising fraternity, releasing schedules at the last minute, via the Radio Times, some ten days or so before transmission.

The 14 ITV companies need you for shoring up their franchise and delivering the audiences which are the honey drawing the advertisers, whose £904m annual revenue, in turn, keeps them in clover. And a profitable business it is, too. Thames last year reported a record profit of more than £10m, a hefty proportion of which was from overseas programme sales.

So just what is this love affair between the "bankers" — the advertisers — and the commercial medium they espouse so enthusiastically? What are the factors influencing their decision to advertise and what slots to choose? Do they watch television themselves? Is programme content an important issue?

According to those well-versed in the highly numerate skills of airtime buying, the media buyers, chances are that most advertisers, who are the ad industry's major spenders, will be lighter TV viewers, busy people working long hours, with a bias towards the Beeb. The profile of the heavy ITV viewer supports this: The overall volume of television watched increases with age and decreases with improved social grade. Heaviest views are DE and those over 55 years who watch from 25 to 30 per cent more than other views. AB and the young (16 to 24 year olds) watch only half this amount of television. Both commercial and BBC 1 show the same pattern.

On the whole, programme content, in sheer commercial terms, is not as important to the advertiser as numbers of viewers and what's more the right numbers. With programmes being selected for audience-generated rather than editorial content, television works differently from magazines and newspapers. A cosmetics ad in Vogue or Harpers and Queen is thought to borrow some of the glamour and allure of the publication itself. It's said that the same can apply to quality newspapers, too, where the authoritative tenor of the editorial looks kindly on neighbouring advertisements.

However, a reverse situation can happen whereby a programme is felt to adversely influence a product being advertised nearby, and advertisers are known to veto associations with controversial documentaries, for instance. Consumers, they fear, might confuse proximity with affinity.

British Airways' blockbusting Manhattan ads which first appeared in the prime time at Ten slot is an exceptional case where editorial content could be said to be a factor. The line "Every year British Airways flies more people from New York to London than the entire population of Manhattan" was in itself newsworthy and being aimed at subsequent. The news provided an appropriate slot.

So it is the media buyers job to match target group of product advertised with appropriate audience profile, to reach the highest number of the right people at the most economic cost. Once it was a matter of buying broad audience (eg housewives). Now, with fragmentation of media and Channel Four with a finer targetting, the equation is more complex and they buy target group (eg ABIs or 16-to-24-year-olds).

It makes good sense, obviously, to position soft drinks, tapes and discs, for instance, in pop programmes, games and toys by childrens hours—although parents may think otherwise. There's not future in exposing the over-55-year-olds to the wonders of disposable nappies or pushing mortgages at cartoons time.

Some products are of blanket appeal, like tea bags and toilet rolls where sheer numbers of viewer count; hence their peak time positioning.

"Buying airtime is very like buying commodities," said one media buyer, with all the variables of a supply and demand market. Only it's fixed supply, with no more than six minutes in any hour allowed by the Independent Broadcasting Authority, maximum seven, and no break can be longer than 3½ minutes.

Under the ubiquitous buying system of pre-emptive rate cards and all the permutations that that involves, a buyer won't know for sure whether he's secured a spot until three days and maybe less before transmission—that is, unless he paid the top whack. Even then, he won't know if its paid off until he sees the ratings.

Take an example: An ad for Levi jeans aimed at 16-to-24-year-olds would work harder if placed in the lower-rating programme The Tube (Channel Four) which reaches 5 per cent of all adults but every one in the target group, as opposed to the top-rating Coronation Street. Although this reaches more people—25 per cent of all adults—only 10 per cent are in the target group (i.e. a strike rate of 2.5 per cent to The Tube's 5 per cent). What's more you would be paying around £15,000 for ITV1 against around £1,000 for Channel Four.

Thirty-second ITV1 spots on Thames currently range from about £12,500 to £21,000. This means a networked ad could be nudging £100,000.

Once the programme schedules are announced, and previews seen, buyers make judgements on a number of issues: Availability to view, whether the programme is timed appropriately to reach the right audience; how a given time slot performs historically; what the opposition is doing at that time; and finally, a subjective opinion about who will view.

In terms of influence, advertisers have none over programme controllers who operate in the UK entirely independently.

Coronation St problems: attracting a top rating

## Pericles, Croydon Warehouse

**Martin Hoyle**

What a disjointed play this saga makes. However, those bawdy-house scenes where the hi-jacked Marina blossoms in virtue like a lily on a dung-heap bespeak real Shakespearian ambiguity with their resonances of mutually-nourishing corruption and innocence and the resultant painfully redeemed humanity.

Cheek by Jowl are currently in Croydon as part of a tour that includes the Racine Andromache already presented at the Buxton Festival. They take a spare, sinewy and sober view of Pericles's adventures, seen very much as a spiritual journey, without the visual quirks that lent a fairy-tale element to Ultz's production at Stratford East last year.

A free-standing frame incorporates both double-doors and pendant chimes, as well as musical instruments waiting to be taken from their pegs: mainly percussion, plus toy trumpet and even cassette-player to provide the brothel with musak (classical pops). Thunder-sheets can be put together to form a shiny metallic background; two coffins become rostra, steps, bed and altar. Everything is mimed, from the knights' test—your strength machine and archery contest to banqueting and fishermen's nets.

Ingenious simplicity marks the casting of the seven players. Amanda Harris's beleaguered Marina freezes into her own monument and Duncan Bell's spivvy Scots pimp switches to the anguished remorse of Cleon as the scene turns seamlessly from Mytilene to Tharsus.

Andrew Collins's Pericles is convincingly upright and honourable. At the moment his resilient approach tends to a lightweight buoyancy, though the anger when he rejects his long-lost daughter, as if angrily refusing to let himself hope, mistrustful of another of fate's dirty tricks, is especially fine.

The company speaks the verse with characteristic clarity and vigour: Ancient Gower's narration is shared between them. Simon Dormandy's epicene dodging as the incestuous Antiochus has the faintly bloodhound melancholy of the inbred, and contrasts with his awkward mixture of lust, guilt and goodguy embarrassment as the Governor who sheepishly falls for Marina while shame-facedly visiting the brothel. Martin Turner's bluff northern-accented Simonides makes a convincing foil for his gentrified daughter (Sadie Shimmin, bossy and slightly irritated by her nouveau dad). Declan Donnellan's production is almost too austere at times. Showing an admirable aversion to camp or undergraduate high-jinks, the bawdy scenes verge on the genteel.

Blue skies before grey mists: Brian Cox

## Rat in the Skull/Royal Court

**Michael Coveney**

Played on a stark grey stage without an interval, Ron Hutchinson's new Irish play set in a London police cell might not strike you as the most obvious excuse for a night out in the theatre. But the evening has an undeniable power and raw dignity, qualities attributable to the flinty vigour of the text to the cool clarity of Max Stafford-Clark's production (designed by Peter Hartwell, lit by Andy Phillips), and to the superb performance of Brian Cox as Detective Inspector Nelson of the Royal Ulster Constabulary.

Under the aegis of the Metropolitan Police in Paddington Green station, the RUC officer is interviewing an IRA suspect detained under the Prevention of Terrorism Act. Roche—or, to give him his full name, Michael Patrick de Valera Demon Bomber Roche—has been violently assaulted. He appears, fuming but unmarked in the shape of a tall and striking Irish actor new to me, Colum Convey, under a slide show of severe facial injuries.

While the play does not have the brio or scale of Mr Hutchinson's other work on the subject, notably The Irish Play of 1980, it does unfold into a riveting philosophical and historical disquisition between Nelson and Roche, the latter finally goaded into replying by a sustained sarcastic assault on his sentimental sense of martyrdom, inherited bigotry, social laziness and bully-boy activity.

Nelson owns up to the same type of bigotry, and indeed the richness of the evening comes from the way in which Brian Cox reveals how Nelson's own tactics of reasoning are not so easily applicable to himself. He taunts Roche with not allowing the rat in his skull to tell him he's wrong. He questions the whole sectarian ethos with an opening of his arms and a plea as a fellow countryman. But he is also determined to break Roche and to assert that the blue skies of freedom will never be exchanged for the grey mists of an Irish Republic.

On the sidelines are two London policemen, a Detective Superintendent (Philip Jackson) and a callow Constable (Gary Oldman) whose idea of British history extends to last week's result at Tottenham Hotspur (the jovial defamation of the Spurs supporter as an ignoramus of Shamus I shall generously overlook). The detective's vocational definition of "honest coppering" is one undermined by these "two brands of Paddy" extending their squabble into his manor. The constable would leave them all to it and hope for a mutually successful pogrom.

Near the end, the tables are spectacularly turned on Nelson and the interrogation infected with some information of what might be termed a more personal nature. This stunning dramatic coup is, I would submit, an admission by the author that he has no solution to either his own established dramatic situation or, indeed, the larger tragic one to which he refers.

His honesty is to be commended. The sight of Brian Cox, his bulky frame crumpling in anguish and defeated helplessness as he forges a treacherous compromise with his London colleagues, is as potent a comment on Northern Ireland as our stage has provided in some time.

The script is on sale in the theatre, the latest in Methuen's invaluable Royal Court Writer series. It costs £1 and contains a useful, informative essay on the troubles and the media.

## Omelette Broadcasting/Latchmere

**Antony Thorncroft**

As you enter the tiny theatre above the Latchmere pub in Battersea you are handed a scrap of paper bearing the cryptic word "Meanwhile." You are asked to write a location upon it and to hand back the paper to an actor. Then, with three colleagues, he improvises scenes around your locations, picked at random from a goldfish bowl.

The first was "the world of a killer goldfish;" almost two hours later we were in a "jacuzzi." In the meantime it was hard to know who had suffered the most agony—the actors or the audience. For the inescapable fact is that while improvisation gives actors wonderful opportunities to show off their quick wits and their flair it is seldom at all funny.

Why should it be? Writers slave away at creating witty dialogue. Ask a man to devise on the spit a sketch about Brooklyn Bridge and you will get the easiest of word associations. Invite his colleagues to join in the action and a four-way tug of war starts.

Jim Sweeney, Peter Wear, Justin Case and Steve Steen have been working together since 1980 and are obviously familiar with the routines that each might slip into. Sometimes they wandered off the point into conversations quite unrelated to the "location;" sometimes, in desperation, they lapsed into "silly" accents; sometimes, imagination completely failed, the sketches limped on, and you wanted to shoot them all to end the misery; sometimes they showed some hite by giving themselves exit lines and leaving a colleague, usually Peter Wear, stranded on stage without an idea in his head.

For them it was probably quite good fun. For the audience it was like being invited to a charades party and asked to serve the drinks. I admired the acting skills; some of the Goonish flights of fancy; the wholesome look of it all, but I won't be rushing back over the next three weeks to see the quartet struggle free from another round of self-imposed messes.

### Carlo Bergonzi in Newcastle

Tenor Carlo Bergonzi is to star in a gala performance of Madame Butterfly at a theatre run by north east opera-lovers. The performance, planned for November 23 at the New Tyne Theatre, Newcastle upon Tyne, follows the success of a performance there last year of Tosca with Placido Domingo.

## St Louis Opera Festival/Andrew Porter

The four operas at St Louis this year were Paul Bunyan, Gluck's Orfeo, The Magic Flute, and Madama Butterfly. Orfeo was given in the original 1762 version, unadulterated except by the lovely flute-solo dance in the Elysian Field, which seemed in prospect an addition that could only enhance the work but proved in practice a dramatic mistake: Gluck's 1762 proportions are precise, and the dance has its place only in the longer 1774 sequence. In the original (which was played without interval) we need to move on into "Che puro ciel."

Since Orfeo was given in my English translation—and since the producer (Lon Galterio), the conductor (David Zinman), the designer (Louise Nevelson), the choreographer (Ellsa Moote), and the translator worked closely together on the piece from the start—I must confine this report to fact. (Some day I must write about the adventure.) Mrs Nevelson's large gold and black sculptures were the great artist's first for the stage. At the performance I attended, the Orpheus, Alteouise DeVaughn, won a standing ovation. The Magic Flute was also sung in my translation. Colin Graham's production, a revival from 1980, moved very surely. Sylvia McNair was a radiant Pamina, and a promising new tenor, Frank Lopardo, appeared as Tamino.

Paul Bunyan, Britten's first opera, had its premiere in New York in 1941. Seven years ago, the preparatory division of the Manhattan School of Music revived it. The St Louis production, by Colin Graham, was very different from his 1976 staging for the English Music Theatre. Graham has become a born-again Christian, and he made the opera carry a heavier charge than, I think, Britten and Auden intended. Their subject was certainly serious: the transition from uncomplicated, pioneering achievement in virgin territory to a civilisation where actions must be responsibly weighed, where "the aggressive will is no longer pure." Paul's camp breaks up. Its members leave for Washington, for Manhattan, for Hollywood. Paul moves on to other undeveloped countries. His last words (in response to Johnny's question "Who are you?") are "I am way, I am act." (No capitals in Auden's original libretto, though they appear in the 1976-printed version.)

In Graham's production, these lines, from the voice in the sky, suggested "I am the Way, the Truth, and the Life: no man cometh unto the Father but through me." Paul here represented something more than uncomplicated, fruitful action. Hel's struggle with him might have happened on the road to Damascus, or even at Peniel. Something was lost: the carefree, casual sexiness of the piece; the two young Europeans' Dream of America lightly compounded from Fennimore Cooper, Longfellow, Whitman, and movies. Check shirts and jeans were replaced by a costume parade of American dress through the centuries, from Indian ceremony to the three-piece suit. When the trees were felled, roofpoles, telegraph poles, derricks took their place.

But something was gained: the realisation that Bunyan is "a deeply serious work" (as I wrote long before seeing this production) and a moral parable as relevant today as it was in the early forties. Auden's verse is cute in places, and portentous in places, but mostly lyrical and elegant. Britten's music, light and tuneful, is filled with small miracles and some large ones. Graham's new earnestness has not made him heavy or humourless.

Britten and Auden cast their serious subject in revue form and called it an operetta, and Graham has done the same with his. The show was lively, filled with joy and energy. In places I found it over-produced—embellished with elaborate business in episodes where words and music were all that was needed for delight.

There was a first rate chorus and a good cast, with John Stephens as the voice of Paul, and Greg Ryerson as Hel. Some of the cast—James Atherton as Johnny, Carroll Freeman as Slim—sang rather too fully, as if they were trying to turn songs into arias, as if they'd rather have been doing Don Ottavio. But the piece as a whole was both captivating and moving; and it left people asking why on earth it had been left so long unheard. Bruce Ferden conducted.

There are basically four versions of Madama Butterfly—what might be called the Milan (1904), Brescia (1904), London/Washington (1906), and Paris (1907) scores. (The dates are those of publication.) They might also be called the Rosina Storchio, Salomea Krusceniski, Emmy Destinn, and Marguerite Carré versions, each tailored to the capabilities of a particular soprano. Storchio was a lyric, a Manon; but Krusceniski (a Brünnhilde) and Destinn (an Aida) were dramatic; Carré was a Manon and Mélisande—and, it seems, not very bright. Puccini nicknamed her Madame Pomme-de-terre, and there is evidence that he regretted many of the cuts made to accommodate her or her husband, the the director of the Opéra-Comique. But they've become standard.

I grew up, however, on the "London" score, at Sadler's Wells, and was glad to hear it again in St Louis. It consolidates the undoubted improvements made for Brescia and is a less sentimental, rather bolder opera than "Paris," and far less drastically cut. Maria Spacagna was a touching Butterfly. Tonio DiPaolo was a Pinkerton with some good notes, but he needs to learn an easier, more graceful way of singing.

There was a careful production by Bliss Hebert, in rather unattractive scenery by Allen Charles Klein. A new conductor, Joseph Rescigno, conducted fluently. Panizza's reduced orchestration was used: it is skilful, but one misses the full Puccini climaxes. The old Elkin translation had been tactfully revised by Colin Graham.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Aug 31–Sept 6

## Theatre

### WASHINGTON

**Master Class** (Eisenhower): David Pownall's thoughts on tyranny and artistic freedom as filtered through the gauze of Stalinist Russia starts its American run at the Kennedy Center. Ends Oct 20. (254 3670).

**Quilters** (Terrace): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in Washington between its modest origins in Denver and its ambitions for New York in autumn. Ends Sept 16. Kennedy Center.

**Woza Albert!** (Kreeger): The jumbo jet arrival of the Lord into Johannesburg is the implausible context in which two remarkable actors, Percy Mtwa and Mbongeni Ngema, reveal what looks like the whole gamut of the sad, funny and pathetic life of South African blacks. Ends Oct 7. Arena Stage (488 3300).

**Zorba** (Opera House): Anthony Quinn makes the theatrical production, which co-stars Lila Kordova and gets a rousing lift from the bouzouki score by John Kander and Fred Ebb, directed by the film's director, Michael Cacoyannis. Ends Oct 14. Kennedy Center (254 3770).

### NEW YORK

**Brighton Beach Memoirs** (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**Noises Off** (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

**The Real Thing** (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

**Glengarry Glen Ross** (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

**Romeo and Juliet**: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (877 6810).

**Sunday in the Park with George** (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**Torch Song Trilogy** (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

**Dreamgirls** (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

**On Your Toes** (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

**Nine** (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

### TOKYO

**Cats** (Cats Theatre): The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (320 1001).

### LONDON

**Aren't We All?** (Haymarket): Rex Harrison and Claudette Colbert in a meagre rarity by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (930 9832).

**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

**American Buffalo** (Duke of York's): Al Pacino on a flying visit in the David Mamet play in which he plays a hoodlum habitué of a junk shop and gives an extraordinary exhibition of sustained manneristic acting (836 5122).

**A Little Hotel on the Side** (Olivier): New in the National's repertoire is John Mortimer's felicitous translation of Feydean's farce better known as Hotel Paradiso. Benjamin Whitrow is a deliriously funny stutterer, Graeme Garden an adroit farceur. Confident, robust production by Jonathan Lynn with good designs by Saul Radomsky (928 2252).

**Little Shop of Horrors** (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

**Pack of Lies** (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

**The Real Thing** (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

**Daisy Pulls It Off** (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

**Noises Off** (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

## Ghetto/Freie Volksbühne, Berlin

**Ronald Holloway**

The European premiere of Joshua Sobol's *Ghetto* at the Freie Volksbühne in Berlin under the direction of Peter Zadek will be remembered as one of the major events of the season – if not the decade. Some have already ranked it with Rolf Hochhuth's *Deputy* for political sting, while others note that Sobol and Zadek had agreed upon the German production even before the world premiere took place in Tel Aviv last May.

*Ghetto* is the story of the Jewish Ghetto in Vilna, Lithuania, from June 1942 to its liquidation a year later in August 1943. Of the 60,000 Jews living in Vilna only 800 survived, and the narrator in *Ghetto* is ona of them: the ventriloquist Srulik, sitting in his Tel Aviv apartment and painfully recalling some of the most incredible human events imaginable.

It is a musical about the holocaust, one in which nearly every character is taken from trua life. There is SS Officer Kittel, whose thirst for power is matched only by his morbid sense of bumour; his favourite joke is to let victims choose between two black cases he carries around with him, one containing a saxophone and the other a submachine gun.

There is Jakob Gens, the Jewish police chief married to an Aryan, who somebow convinces himself that he is doing right as a Nazi collaborator: after all, would it not be better for the entire Jewish community if he, and not the Nazis, were to make the selection for the transports to the extermination camps on the grounds that the stronger would thereby survive while only the old and the sick and the weak would perish?

There is Hermann Kruk, a Socialist labour organiser and Marxist orientated intellectual who opposes Gens' idea to form a theatre troupe – for "you don't play theatre in a cemetery!" And there is the former textile manufacturer Weisskopf, who has now set up a tailoring shop in the ghetto and hopes to seal a working contract with Göring for repairing the uniforms of German soldiers at the Russian front – and expects in addition even to make a profit on the venture if all goes well.

These are all social misfits, save possibly for Kruk. Ha is simply blind to the facts, as are the black marketeers, the rabbi and idaalistic resistance fighters.

With the cards stacked so neatly on the side of the Devil, where is the balance, the moment of truth, the ray of hope at the end of the tunnel? It is there – but only if one accepts an existentialist answer, if a musical can be mada out of the holocaust, if the ghetto takes on neo-expressionist accents to blur the lines between the real and the surreal.

The theatre troupe gradually moves into the limelight. The life of the singer Chaja is saved in a split second by the intervention of Srulik with his puppet-dummy, who has a maddening habit of contradicting his master by always telling the truth.

The play's bumour is also worth analysing. Gens becomes the laughing stock of the ghetto by founding a theatre troupe, but it turns out that hundreds of Jews marked for the transports came in their best clothes for a last evening in the theatre to choke the fear in their hearts and perhaps even to laugh in the face of death.

Waisskopf, an informer in tha play, is a comic figure forever hatching schames: his pride in his work reduces him in the end to a whining human being. The SS-man Kittel is a twisted, grotesque individual, fascinated by Jewish wit and invention, while his own damning excesses on the job are flaunted by joining the ghetto musicians in playing forbidden jazz numbers.

The final twist of fate leaves Sobol on the side of the victims. The troupe presents a tango clothed in the dancing suits and dresses of murdered Jews. This is the moment when Russian troops are advancing on Vilna. The SS Officer is in a hurry. He congratulates the troupe on their imagination and ingenuity once more and invites them to partake in a feast – then turns his machine gun on them.

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# Honecker toes the hard line

DIPLOMACY between the two Germanies is clearly still as strewn with mines as the strip of ground between them. The latest, most dramatic, casualty is the historic visit that Herr Erich Honecker was to have paid later this month to West Germany; it would have been the first ever such trip by an East German president and party chief.

Announcing the visit's cancellation, the East German news agency blamed recent "unworthy and detrimental" comments by members of Chancellor Helmut Kohl's ruling coalition. But the heavy hand of Moscow has been evident ever since Pravda attacked Bonn a month ago for trying to "undermine socialism" in East Germany with politically-tied loans, making clear that for Herr Honecker to go ahead with his long-planned trip would be read in Moscow as aiding and abetting this "undermining" process.

Even after that, the trip still hung by a thread, or so Herr Honecker seemed to think when he stressed only two weeks ago the "importance of dialogue with responsible forces" in West Germany—by which he pointedly meant the Kohl government. The last straw, for Moscow, not East Berlin, were Chancellor Kohl's bland remarks last weekend to a gathering of German emigres from the Soviet bloc. This sent the Soviet media into another paroxysm of accusations about West German revanchism, and was probably the final sign for Herr Honecker to unpack his bags.

Herr Honecker had carefully prepared his intended trip, paving the way for a good reception in West Germany by loosening emigration—albeit for West German cash—but stressing firm adherence to the socialist camp and planning to return to East Germany's 35th anniversary celebrations with the kudos of de facto recognition from Bonn—which East Berlin, and even Moscow itself, have so long sought.

In putting a stop to the Honecker visit, Moscow seems to have made a major blunder, humiliating a loyal ally, sewing discord with other East European countries, and reinforcing its increasingly negative stance towards the outside world. Bizarrely, it is precisely this negative stance which Moscow appears to want to harden. If the Kremlin is going to cold shoulder the West over the deployment of new U.S. missiles, then its allies must do so too.

Why did the Kremlin let this inter-German rapprochement come so near to blossoming, and why then did it snap it off with such ferocity? The answers lie somewhere in the host of complexes Russians have about Germans. On a national level, they long to wean West Germany away from Nato, a hope that had not totally disappeared even with the Kohl government's acceptance of new U.S. Pershing rockets. They respect West Germany as the Soviet Union's best supplier of modern technology. On a gut level, they dread the idea of the two Germanies getting together in a language few of them understand, and many Russians, particularly the old men in the Kremlin, root themselves in a Second World War past.

For this reason, Herr Honecker is going to have the galling prospect of staying at home and watching—on West German television—the presidents of Bulgaria and Romania make their planned trips to Bonn in the next two months. That is the Soviet double standard: there are certain visits which their non-German allies can make which their German one cannot.

*Hostility*

Cancellation of the Honecker trip may not be as keen a national disappointment to East Germans as their sacrifice of a load of potential medals when they loyally followed the Soviet boycott of the Los Angeles Olympics. But the humiliation may take some swallowing. It is 13 years since the Soviets eased in Herr Honecker to replace Herr Ulbricht, ironically because the latter was too unaccommodating towards West Germany. Those days of Soviet kingmaking are gone. Or are they?

Herr Honecker's setback is also that of other East European countries. Except for Czechoslovakia, still frightened by what happened to it in 1968, and to some extent Poland still in its running dispute with the West over sanctions, all have urged more, not fewer, contacts with Western Europe precisely because of U.S.-Soviet super-hostility. That was the Honecker thesis of late, which Moscow has now declared anathema.

The clear and sad conclusion for both Germanies, and indeed all European countries East and West, is that there will be no proper relaxation of tension on their common continent, until the two superpowers come to better terms. Equally, however, it is hard to see Moscow in its present mood responding to overtures from any new American administration.

# Doom and gloom from 'Neddy'

SENSATIONALISM is not a quality normally associated with the National Economic Development Office. But this week's "little Neddy" report on Britain's information technology industry manages to convey an air of doom-laden melodrama which serves to obscure many of the real issues at stake.

Bound in a glossy cover showing a clock ticking well past the eleventh hour, the report warns that the UK industry faces "a crisis of survival". Without urgent remedial action, Britain will be unable to compete on world high-technology markets and will "continue our decline to third world status."

A dismal scenario — if true. But the report, which closely reflects opinions expressed by industry representatives, falls a long way short of presenting conclusive evidence to back up its alarmist views. A close reading suggests that the authors have allowed polemical zeal to overwhelm reasoned analysis, while their prescriptions for action arguably miss the point.

*Fluctuations*

The committee bases its case on two principal assertions: first, that the international battle for information technology markets is growing intense, and that the main UK companies are small in world terms; second, that the performance of the UK industry as a whole is slipping badly behind that of other countries, including France and West Germany.

The statistical support offered for the latter claim is, however, disputable. As the authors admit, reliable measures of industry performance are hard to come by, and their international comparisons are in any case skewed by currency fluctuations. Moreover, their definition of the industry covers telecommunications, computers, office equipment and software—but not semiconductors or satellites.

Inclusion of semiconductors would undoubtedly have altered the picture. Britain has the largest microchip output in Europe, much of it admittedly from U.S.-owned plants, and its component consumption is growing rapidly.

None of this means, of course, that the future of Britain's information technology industry is secure. It is indisputable that British companies are outclassed in terms of size and resources by many of their American and Japanese rivals.

The NEDO report looks to the Government to provide the solutions but offers few novel recommendations. It calls for more joint industrial research programmes, more consistent and stimulative public procurement policies, increased emphasis on training and a review of the financing of fast-growing high-technology companies.

Such prescriptions, as far as they go, have some merit. However, it is unlikely that they—or any other proposals for government initiatives at a purely national level—will do much more than relieve some of the symptoms of the problems which the NEDO committee claims to detect.

One of the biggest handicaps facing UK information technology companies is the restricted size of their home market. The problem is by no means unique to Britain.

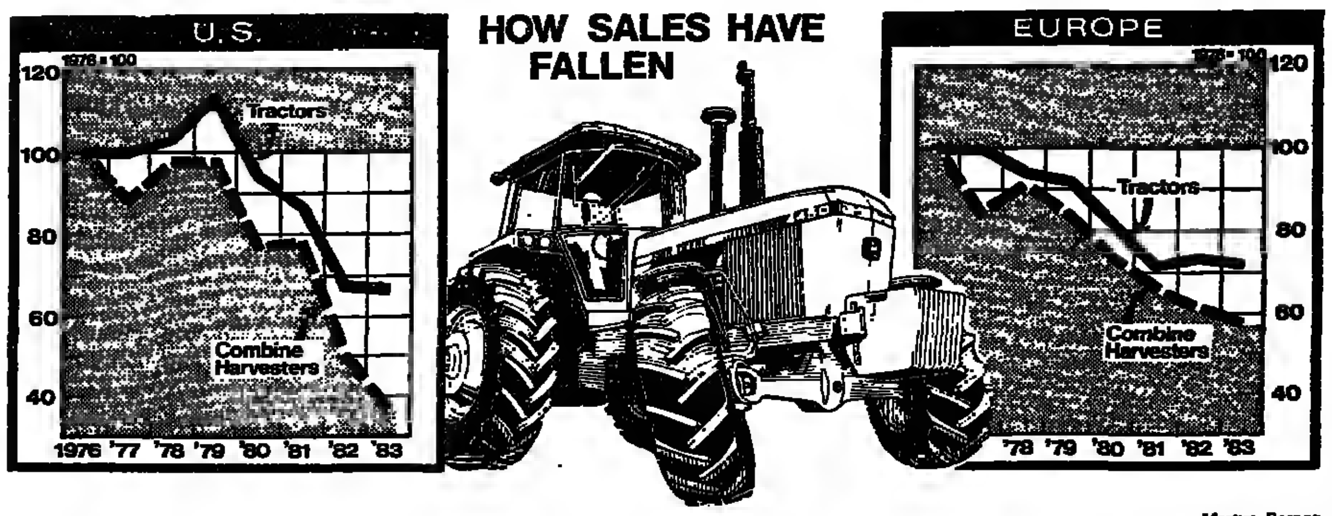
The most constructive action which Britain as other EEC governments can take is to press ahead with the creation of a genuine common market in information technology by eliminating national trade barriers, freeing procurement policies and supporting harmonisation of international standards.

Some encouraging steps have recently been taken in this direction, though real progress is likely to be achieved only in the longer term. Meanwhile, the onus lies on industry to pursue as aggressively as possible opportunities beyond their own national frontiers.

WORLD FARM EQUIPMENT INDUSTRY

# The recovery that never came

By Ian Rodger




Martyn Barnes

IT LOOKS like the game of self-delusion will not be able to go on much longer in the depressed farm equipment industry.

Some hard-pressed but proud producers have been postponing major restructuring for years in the hope that markets would recover.

This year, they were counting on a major recovery in North American markets to help them out of their troubles. Not only has this not happened, but European markets too have taken an unexpected dive. These latest setbacks might be enough to get the long awaited shake-out in this overcrowded industry.

International Harvester and Massey-Ferguson, the two debt laden multinational producers that between them have gone through five financial restructurings in the past four years, have all but abandoned hopes of returning to profitability this year and begun another round of plant closures.

Massey yesterday reported a second quarter net profit of $7.4m compared with a loss of $11.3m, but Mr Victor Rice, the chairman, said the outlook for farm machinery remained "seriously depressed."

It still seems unlikely that any major company will actually pull out of the farm equipment business, but a few famous names may soon be reduced to little more than names, either through acquisition or moves to share production or distribution.

## An abrupt end to industry optimism

Cash-squeezed companies that have not been able to invest in plant or product improvement are beginning to find out that their own machines are uncompetitive and so are buying from others. They are also having difficulty supporting independent dealer networks and are starting to share dealers.

"The competitors are still there, but the industry will never be the same," Mr Neel Hall, senior vice-president of Deere and Co, the industry leader, says.

The current round of closures and new supply arrangements will affect mainly the North American multinationals and their plants in France and the U.K. A few European companies, notably Renault of France, are vulnerable too but governments are likely to continue to support them.

The only good news is in Britain. Regardless of what happens to their owners, the plants of IH, M-F, Ford and J. I. Case in this country have become efficient and relatively successful and so appear secure.

The urgent need for further closures has come as a surprise to analysts both within and outside the industry. This was the year that the big U.S. market was supposed to recover from a deep, four-year, slump. Producers were forecasting a 15 per cent rise in sales in 1984, as interest rates declined and farmers put more acreage into production.

For a brief spell, Wall Street even became excited about the recovery prospects of International Harvester. IH shares reached $14.75 early this year compared with a 1983 low of $3 and a current price of about $3.75.

But the optimism came to an abrupt end early last month when it was reported that U.S. tractor sales in July, normally a strong month for trade, were 8.4 per cent lower than in July 1983. Combine harvester sales had plunged 19.2 per cent. In the year to July, tractor sales were up only 1.9 per cent and combine sales down 24.5 per cent.

Even mighty Deere was caught out. The company had forecast a U.S. market rise of more than 14 per cent in 1984 and had turned up its U.S. production rates in anticipation of a strong recovery. When it didn't come, Deere uncharacteristically joined its competitors in aggressive price discounting in an attempt to reduce bloated inventories. And last month, it announced a two-month closure of its combine plant.

"We still think markets will improve quite a bit this year," Mr Bob Hanson, Deere's chairman, says gamely. But his competitors are less sanguine. Mr Jack Rutherford, president of IH, says, "My feeling is that there is not a lot of movement in the North American market."

In fairness to Deere, the long slump in the farm equipment industry does look increasingly grim. By rights, a rapidly growing world population should create the foundation for steady growth in demand for tractors and other agricultural machinery. Countries with high population growth either have to buy machinery for their own production or they have to import grain from countries with surplus product, notably in North America and Europe, which means farmers in these countries buy machinery.

However, this basic assumption has been undermined. The liquidity problems of most developing countries in the past decade have stifled both food and machinery purchases.

A second factor reducing machinery sales has been the increase in productivity, partly due to improved yields through the use of fertilisers and better farming techniques but also because of the concentration of farms into larger units. The number of farms in the U.S. has fallen from 15.6m in 1960 to 5.8m last year, but grain output has remained fairly stable.

Farmers have also had to contend with high interest rates for most of this period and, since 1979, with low prices for most of their crops. U.S. farmers have had the additional and unexpected problem in the past year or so of falling agricultural property prices, which have squeezed their equity.

The result is that tractor sales in the U.S. have fallen over 50 per cent from the 1979 peak of 139,000 units to 77,000 units last year. Sales in Western Europe have fallen nearly 30 per cent from a peak of 365,000 units in 1976 to 260,000 units last year.

However, this was the year that the U.S. market was supposed to turn around, while the European market would at least remain stable. In the U.S., it was thought that the removal of the federal Government's so-called PIK (payment in kind) programme under which farmers were encouraged to withhold acreage from production, would bring about an increase in production and a need for more machinery. Analysts also assumed that farmers' liquidity would be improved through lower interest rates and rising grain prices.

In fact, interest rates have remained high and grain prices have remained depressed, partly because of increased production and bumper crops.

In Europe, equipment markets dropped suddenly in April when the European Commission set very low milk quotas and reduced grain price supports. Tractor sales were down 33 per cent in the first six months in West Germany, down 13.6 per cent in the first eight months in Britain and flat in Italy in the first five month.

All of the multinational farm equipment companies have carried out substantial internal cost cutting programmes in recent years. M-F, for example, has cut its workforce from 68,000 in 1978 to less than 25,000, and IH has reduced its staff from 66,000 in 1981 to 32,000. Production has been concentrated in fewer factories but very little capacity has actually been taken out. So today, most producers are still operating at less than half of capacity.

In the U.S., for example, the core of the tractor market is in big machines of over 100 horsepower. So far this year demand for these big tractors is one-third below last year's already depressed levels. Mr John Borden, vice-president, Finance, of Case, says that even if everyone got out of this sector except Deere and IH, "capacity would still be more than double the current market demand."

A similar situation exists in big combine harvesters, where Deere, IH, Massey and Sperry New Holland are slugging it out in a market that has declined from 33,000 units in 1976 to an estimated 12,000 units this year.

The major producers have pursued a number of joint restructuring ideas in recent years. In 1980, New Holland tried to buy Ford's tractor division. At about the same time, Case tried to buy Perkins Engines from M-F. Last year, M-F tried to do a combined production sharing deal with IH while Tenneco, Case's parent company, even looked at buying IH's entire farm equipment business.

For various reasons, none of these or any other ideas worked. Some industry officials blame the pride of the companies, others point to more practical difficulties.

"Some companies hang on because the cost of exit would be too high," Mr Jim Cotting, vice-chairman and chief financial officer of IH, says. He denies that IH would like to exit, and its financial state represents a significant barrier to such a move.

Its farm equipment assets are valued at roughly $1bn and presumably any disposal would involve a significant write-off. But the group's entire net worth is only about $300m.

The first sign of a new round of major restructuring came in June when Massey announced it was closing its Marquette, France, combine harvester plant "for at least three months." Then in July, Massey quietly revealed that Dronningborg of Denmark would begin making a range of combines for M-F, initially to sell alongside the Marquette-made models.

It is unlikely that Massey will ever re-start combine production at Marquette, where losses have been running at $20m a year.

The next move came last month IH published financial results for its third quarter to July 31. The group had a net loss of $7m despite a 59 per cent increase in sales in its highly profitable truck-making division. Mr Donald Lennox, the chairman, said the company could not solve the problems in its farm equipment division "without closing one or two plants permanently."

The significance of that statement is that IH has already closed so many plants that it can't close any more without virtually withdrawing from a significant sector of the business. Also, by announcing its plan in advance, it was opening the way to fresh negotiations with competitors.

The one bright spot for the IH farm equipment business, and for the other North American producers has been the resilience of the medium-size tractor business from 40 to 100 horsepower in America.

Several years ago, the producers assumed that these machines would be sold mainly in European and Third World countries and so concentrated production of them in Europe. IH, MF, Ford and Case all have big factories in Britain and Deere has one in West Germany.

Now a new market for these tractors has developed, made up of the socialised sundowners, people who work in offices during the day and operate small farms in the evenings and on weekends. And with the current strength of the dollar, importing such tractors from Europe is a highly profitable business.

## Profits dependent on a solution to overcapacity

Another resilient sector in the U.S. is that for tractors under 40 horsepower, used by sundowners and suburban gardeners. But the companies active in this market all supply it with machines imported from the Far East.

It is difficult to forecast how much the shape of the industry will change in the next few years. All of the big companies, except IH, have reduced their losses on agricultural equipment operations to very low levels or eliminated them entirely through cost cutting programmes. But none of them can show convincingly how they can now go on to make reasonable profits in this sector, until the overcapacity problem is solved.

In Europe, industry officials hold out little hope for change, because of the strong positions of national producers in many countries, such as Fiat and Same in Italy, Deutz in West Germany, Renault in France and Steyr in Austria.

But in America, market forces are more likely to prevail, and prevail sooner rather than later.

**PERFORMANCES COMPARED**

| Company | Turnover $m 1984 | Turnover $m 1983 | Net Income (loss) $m 1984 | Net Income (loss) $m 1983 |
|---|---|---|---|---|
| Deere, 3rd qtr to July 31 | 1,037 | 996 | 29.4 | (169.5) |
| IH, 3rd qtr to July 31 | 1,261 | 884* | (7) | (131) |
| M-F 2nd qtr to July 31 | 407 | 401 | 7.4 | (11.3) |

* Turnover figures for IH's farm equipment division alone were $404.5m in the current quarter and $345.9m in the comparative quarter.

**FARM TRACTOR MARKET SHARES**

| Company | North America* % | W. Europe % |
|---|---|---|
| Deere | 30-35 | 8 |
| International Harvester | 15-20 | 9.6 |
| Ford | 12-15 | 8.1 |
| J. I. Case | 12-15 | 3 |
| Massey-Ferguson | 10-12 | 10.4 |

* Precise market share data is not available in North America. These estimates are derived from a number of industry sources.

# Men and Matters

## Calvet wins the driver's seat

Jean-Paul Parayre, the polished 47-year-old chairman of the troubled French Peugeot private car group, finally lost his battle for power yesterday with the abrasive Jacques Calvet, former head of the Banque Nationale de Paris, who has been in charge of the day-to-day running of the group's automobile operations for the past 12 months.

Calvet, six years older than Parayre, was brought into the Peugeot group two years ago to help sort out the company's dire financial difficulties by capitalising on his extensive banking contacts. He soon climbed the executive ladder to take charge of Peugeot, Talbot, and Citroen operations.

The two men, although both products of the grandes ecoles and high public service, found it difficult to share power. In the end, Calvet, supported it seems by the Peugeot family, prevailed.

Although not a "car man" Parayre became closely associated with the design of new models and is given credit for the launch of the successful Peugeot 205 supermini and the Citroen BX.

But the difficulties of digesting the Chrysler operations and the slump in the car market saw the group accumulate FFr 8bn in losses in the past four years.

Parayre's days appeared numbered as his rival Calvet succeeded in his vigorous negotiations with the government to drastically reduce the workforce.

## Commercial break

...Any advertiser looking for a way of getting his message across that does not depend on the whims of ITV technicians might do worse than contact the Brewhouse Theatre in Taunton which has turned itself into an advertising medium.

Last week the audiences for Comic Cuts, a comedy starring Victor Spinetti and Diana Coupland, were brought back early from their interval drinks to watch an advertisement played out on stage by the company. It was for Paul Lawrence, a local Somerset businessman, who has five shops selling electrical goods.

The brainwave of local advertising agency, Magus, it apparently worked wonders for sales. It cost Lawrence around £900 for eight performances. But with most of the money going to pay off director, actors and scriptwriters, the gain for the hard-pressed theatre was mainly in publicity.

However, a precedent has been established and Magus is hoping to push more advertising the way of the theatre. It also sees great possibilities in national tours. The main problem is the attitude of theatricals. Not many directors want to add a three-minute commercial to their touring workload. Even though the forthcoming production at the Brewhouse, Cider with Rosie, would seem a natural for Taunton cider, the Oxford Playhouse, which is presenting the play has refused to play ball.

## Future perfect

While there is no finer band of scribes than the economic writers, the nature of their calling tends to keep sunlight out of their articles. Frankly, they do not often cheer us up.

However, Norman Macrae, aged 61, deputy editor of The Economist for almost 20 years, has concluded that there is bright sunshine—and lots of it—at the end of the economic tunnel.

His concise history of the future for the period 1974 to 2024 is being published tomorrow by Sidgwick and Jackson in London as The 2024 Report.

Macrae is offering us the economic equivalent of the Good News Bible. It is his view (reinforced by his son Christopher, aged 33, a computer expert, and a third contributor who remains an anonymous scientist) that there is a wonderful world ahead for us all. Man, he argues, will learn by 2024 to put science, and, in particular, the computer, to good use for universal peace and prosperity.

*Macrae is a tall, been-everywhere, done everything*, elder statesman of a journalist who has been writing heavy metal leaders for The Economist since most of us were in short pants.

His enthusiasm for properly harnessed technology has been strengthened rather than diminished by his long stint.

Most of Macrae's sentences end in hoots of laughter as he gleefully lists absurdities in the recent past and the present—which will have no place in his better future.

An example: "Did you know that the Mercedes car firm forecast in 1901 that there could never be more than 1m people in the whole world sufficiently well trained to be able to drive a motor car?"

Incidentally, the Americans will enjoy an even longer look into Macrae's future than the Europeans when they buy his book. His U.S. publisher cannot get it out before next year. Thus they have come up with a simple solution. For sale in the New World they will be calling it The 2025 Report.

## Fox in space

Paul Fox, the managing director of Yorkshire Television has emerged as the front-runner to become chairman of the DBS consortium planning to take Britain into direct broadcasting by satellite.

Fox, whose preferred recreation after watching television is said to be attending race meetings, is now the favourite for the top job in a project which current estimates see as costing £580m for openers.

Having been at Yorkshire Television for 11 years following a 23-year career at the BBC, Fox, is the prime candidate of the BBC, senior ITV figures, the Home Office and apparently Thorn EMI, the largest of the "third force" non-broadcasting element in the DBS consortium.

The theory behind the selection is not difficult to discern. The BBC is going to try and hold its allotted 50 per cent share of the consortium deal. It is prepared, though, to see the chairman coming from outside the corporation provided he is an experienced broadcasting man.

Fox is in the unusual position of having left the BBC—when he decided to go he was given 15 minutes to clear his BBC 1 controller's desk—but having also gained the respect of Britain's rival broadcasting organisations.

## Shall we dance?

You've heard of the dancing bear. Now comes the tale of the dancing Russian vet.

The latest edition of "Veterinary Matters," a free sheet published by the British pharmaceutical industry, tells how one vet, by name Anotin Zigbresky, had to take rumba lessons in order to treat a certain Zonya, dancing bear with the Soviet Union's Krastovitch State Circus, for a throat infection.

The vet apparently resorted to dancing as a confidence-building measure after Zonya mauled him four times when he tried to approach her with a syringe.

Following a crash course at the Tiflis Dance Academy in Georgia, he swiftly won Zonya's trust and was able to slip his needle, full of antibiotics into the bear as they took to the cage floor.

A spokesman for the magazine in London told me that the story came from an occasional correspondent who was recently in the USSR and had checked his facts "with Russian friends who are not afraid of the police."

**Observer**

## UK universities and industry

# Still too often a dialogue of the deaf

By David Fishlock, Science Editor

"I NOW understand why universities are no good at this," says Professor Sir Peter Hirsch, the Oxford don who for the past two years has been chairman of the UK Atomic Energy Authority, central research agency of the British nuclear industry.

He was discussing the apparent reluctance of Britain's universities, to help the UK meet the growing technical challenge from overseas. Sir Peter says he will return to his department of metallurgy this autumn with a keener appreciation of the differences between the commercial and academic worlds.

Much of the commercial world sees many dons as dilettantes, remote from the real world and largely irrelevant. Dons, pressed for cash for research which has become dependent on expensive instrumentation (you'll search hard for a test tube in a chemistry lab nowadays), pay lip-service with their promotion of "science parks." But one down-to-earth don with wide experience of trying to stimulate innovation in British industry contemptuously calls the science-park concept "cosmetic."

Professor John Ashworth, a biologist and former chief scientist with the Cabinet Office "think-tank," and now vice-chancellor of Salford University, says there is little contact, "never mind fruitful interaction," between companies which base themselves in university science parks and the associated universities and their dons.

"If the universities are going to build a beter relationship with industry then they must expect to have to devote a significant amount of time and expensive staff effort to it," says Prof Ashworth. He fears that many science parks will fail not only to produce mutually beneficial interactions but also "will only serve to reinforce the worst prejudices of both sides."

Salford, a small technological university near Manchester, has traditionally been closer to industry than Oxbridge, and has a contract research income of about £1.5m a year. But it is outclassed on this count by Cranfield College of Technology, near Bedford. Sir Henry Chilver, vice-chancellor of Cranfield, claims its contract research income is higher than that of any UK university—around £10m a year—"probably the biggest in Europe."

Sir Henry, an undemonstrative engineer, is also chairman of the government's Advisory Council for Applied Research and Development (Acard). That makes him effectively the government's chief technologist. He believes there is much dead wood in the British university system, and that it is proving highly resistant to change.

Under his leadership, Cranfield has been ruthless about abandoning flagging departments. Electrical engineering automobile engineering and transport all no longer exist. Agricultural engineering in its traditional form will be next to go.

Sir Henry says that, in his experience, most other universities are not interested in closer ties with industry. They pick "failed academics" as liaison officers, he says, and vice-chancellors do not discuss closer ties.

His critics, however, say it is Sir Henry who does not discuss the matter. Nor does he disclose his "secrets" of Cranfield's commercial success—perhaps half the total contract research earnings of British universities —lest the field should grow more competitive for his own professors.

ICI is one British company with a tradition of taking fundamental discoveries by universities and developing them into manufacturing processes and marketable inventions. Dr Charles Reece, ICI's director of research, admits he is worried about current pressures on British universities to set up what he calls "tinpot pseudo-businesses."

Dr Reece has appointed Bernard Langley, a senior scientist from ICI's research centre at Runcorn, to be responsible directly to him for company relations with universities.

Dr Langley—extrovert, amusing and academically acceptable to both sides—says bluntly that he has no wish to see universities "as a poor, cheap extension of ICI research."

Dr Langley is an avowed admirer of the British educational system: "slack, easy-going, but in hardening it up let's not throw it away." He adds that a lot is achieved between ICI and universities without any money changing hands. He reckons to visit a university about every eight working days.

Dr Langley sees faults on both sides. He believes the company would get much more collaboration if it bared its breast about its problems and blunders and the gaps in its knowledge—but at risk of jeers from the academics and perhaps some commercial disadvantage. He also believes there is a need for universities to gain a better understanding of the importance of industry in society. Here, he has no doubt, British universities are lagging behind those of its trading rivals.

Others have more specific criticisms of universities. Dr Ron Coleman, the Government Chemist, in charge of a national programme of investment in biotechnology, says he is disappointed with university response in this fast-moving sector. The universities led the call for more government-backed research in the science. Dr Coleman put proposals to government and got substantial financial funds. The universities failed to come up with ideas worth backing.

This view is corroborated in the private sector. Mr Derek Allam, chief executive of Prutec, venture capital arm of the Prudential, says that he is working hard on the universities but failing to find sufficient good ideas. He believes biotechnology in particular is a sector in which Prutec should be investing.

The reason why universities fail to solve many of industry's big technical problems, as Prof Sir Peter Hirsch has discovered, is rooted in a fundamental difference of approach.

Academic scientists are narrowly, even selfishly, concerned with their own chosen problem. That is how progress is made at the frontiers of a science. But industry's problems are multi-disciplinary — industrial research means projects and programmes pooling many different scientific skills in an effort to see that the problems are resolved systematically on the way to a well-defined objective.

British universities with their highly autonomous faculties are simply not geared to undertake projects, Sir Peter says.

He learned this lesson at Harwell, central research establishment of the UK AEA, a few miles south of Oxford. It spends more than £20m a year on basic research of the kind done in universities, to underpin the nation's nuclear engineering.

But Sir Peter discovered that under the highly integrated research management of the UK AEA its scientists spend only part of their time on underlying basic research, and most of their time working on projects, often more than one. In this way the needs of central research are closely integrated with all other activities.

He also discovered that the UK AEA had considerable management skill in pulling multi-disciplinary project teams together when confronted with a problem.

Sir Peter believes its successes here stem from its scientists having a keener appreciation for the potential for an idea than is usual in universities.

Despite his general belief that universities and projects cannot be reconciled, some universities have made an imaginative new effort to pool talents in making a more persuasive case for expensive new instruments. Sir Peter Hirsch is behind an Oxford University "project" (his own term) in which three departments—the Clarendon Laboratory (physics), engineering sciences, and metallurgy—might combine forces around a powerful new facility for studying future generations of semiconductor chips.

In fact, Oxford can already boast one major inter-disciplinary project, launched this year. Professor George Radda of the biochemistry department has assembled a team of 35 and nearly £2m in new laboratories to explore a powerful new diagnostic technique he has invented. It treats patients as chemistry (spectroscopy) samples for assay. It brings together physicists, chemists, biochemists, engineers and doctors. It is already proving successful in pinpointing the causes of some obscure illnesses.

The international electronics industry has been eager to invest in his laboratory, at the price of gaining a certain exclusivity. So far Prof Radda has refused, saying that it is more important—to industry as well as to his patients—that his laboratories should retain their academic freedom to shop for the most advanced technology.

## Britain's Industrial Policy

# At last, the signs of a better logic

By J. H. McEnery

PUNDITS HAVE long deplored the poor performance of Britain's manufacturing industry. Yet Mr Lawson's Budget has greatly reduced the tax allowances for manufacturing investment, albeit coupling this with a major reduction in Corporation Tax. And Mr Tebbit, in his White Paper of December last, proposed substantial reductions in the regional development grants which manufacturing investment in the assisted areas has also long enjoyed. Is the Conservative administration being perverse?

To answer this question we have to indulge in some conceptual thinking about the kind of manufacturing industry we need. Fashionable slogans like "high-tech" and "sunrise industries" will not suffice. The only certainty is that Britain must be able to generate marketable products. This is a truism, but one that has crucially important implications frequently overlooked. The generation of marketable products requires much more than the mere fabrication of goods.

Production is only one element of a system linking a salable product with its market. The system is incomplete unless it also involves the capacity to identify the market and to undertake the necessary research, development and design.

A manufacturing production unit by itself is thus not a generator but rather a conduit. It can fabricate only what the company headquarters concerned develops and then allocates to it. To that extent it is vulnerable to technological and market change.

In contrast, the company headquarters, with its essentially service functions of marketing, research, development, design and financial control, is the key element in manufacturing industry. Only it has the ability to generate marketable products. And it has wide-ranging options on how and where to fabricate these products.

Against this background, it is conceptually wrong to equate British manufacturing industry with the manufacture of goods in Britain. Many production units in this country are owned by overseas-based companies and make products developed and designed by the company concerned in its own land; these units are in reality parts of overseas manufacturing industry deployed into Britain for the benefit of that industry.

Conversely, the most successful British-based manufacturing companies have become multi-nationals and fabricate their goods in their own overseas production units as well as in Britain: this gives the company access to markets not otherwise available to it and thereby strengthens it as a whole.

From this analysis it ineluctably emerges that the kind of British manufacturing industry the country needs is that which has its key headquarters functions based on Britain and which, unlike a mere production unit, can in consequence sustain its own survival and growth in the face of technological and market change.

If Government finds it necessary to intervene in manufacturing at all, it should then do so in a way which promotes the well-being of British-based manufacturing companies. It has done this in a few favoured industries, notably aircraft, aero-engines and computers. But what does the record show otherwise?

**The Lawson budget has largely overturned ill-conceived policy**

For almost 20 years government has in this context used three main financial instruments: (a) Very generous tax allowances (earlier, investment grants) for investment in manufacturing production facilities; (b) in addition, regional development grants (earlier, differentially high investment grants) for investment in such facilities in the assisted areas; (c) a very high rate, by international standards, of corporation tax on the profits of British-based companies.

The taxpayers' money involved in (a) and (b) must be at least £100bn at current prices. It was claimed that this financial regimen promoted beneficial manufacturing investment, including inward investment by overseas based companies, especially in the assisted areas.

Several studies in the last few years have largely invalidated this. But what has not yet been highlighted is the whole operation has militated against the well-being of British-based manufacturing companies.

My personal guess is that, if petro-chemicals and metal-manufacturing are set aside, over one-third of the subventions went to foreign-based companies to help them establish or expand production units in this country. They were being heavily subsidised to compete. Any identifiable gains to the British economy were being made at the appalling cost of progressively undermining the strength of British-based manufacturing companies. And the injury of subsidising their competitors was compounded by weakening the corporate financing of successful British companies through a high rate of Corporation Tax.

Mr Lawson's budget, far from being perverse, has on the contrary largely overturned an ill-conceived and counter-productive policy which has dominated Whitehall since the early years of the first Wilson administration.

But the structure of financial disadvantage for British manufacturing companies will be fully dismantled only when we stop subsidising foreign manufacturing production units through regional development grants. Mr Tebbit's White Paper makes clear his intention to switch government resources from regional development grants to selective assistance and from manufacturing, a declining employer since 1970, to service industry, where there has been a more than compensatory increase in job opportunities.

It will be interesting to see to what extent he achieves this. Politically his hands are partly tied by the widespread but irrational belief, against all the evidence, that subsidised inward manufacturing investment by externally-based companies can solve a region's problems. Yet only if he does carry through a major switch will Mrs Thatcher's administration be on the threshold of a coherent policy designed to strengthen the British manufacturing industry which we need.

*The author, a former Under Secretary in the Department of Industry, is the author of "Manufacturing Two Nations" (Institute of Economic Affairs).*

# Letters to the Editor

## Worthy of interest

*From the Director, Department of Adult Education, University of Nottingham*

Sir,—So Mrs Thatcher says "if it had not been for the two disputes, everything that she had always believed in would have been falling into place" (September 1 interview). What will she tell us next? That the British people are not worthy of her perhaps?

J. E. Thomas (Professor).
*14-22, Shakespeare Street, Nottingham.*

## The growth of EEC protectionism

*From the Managing Director, Peabody Fine Foods*

Sir,—As a leading importer of Turkish dried fruit, we were very interested to read the well informed article on EEC protectionism (August 29) which sets out the disturbing background to the growth of EEC protectionism in a most erudite way.

Whether or not it is officially accepted, however, we believe it is naive to assume that many of the EEC minimum import price systems and production aids are introduced for purely economic reasons. When the production aid for Italian tomatoes was originally being discussed, a comment was made by a senior member of the EEC Commission that those present should understand that the EEC had to find a way of giving some funds to Italy, because the EEC was already spending substantial sums on products produced in the North of Europe such as wheat, pig meat, milk and sugar and that Italy expected some of its products would be the recipient of similar largesse, and tomatoes, while not really in need of aid, did provide a useful vehicle for aid to be passed to the Italian growers.

A formula was worked out to calculate the production aid payable which had, as one of its ingredients, "the average price of products imported to EEC from third countries." At that time, the EEC was probably 90 per cent self sufficient and it has now reached a stage where the formula has had to be revised because imports are now so insignificant that they no longer provide an accurate indication of the free world market price. In other words, the EEC is now completely self sufficient on tomatoes with virtually all imports having been driven out, but it is estimated that subsidies in the region of £1.2bn are paid annually to th eItalian tomato industry—£29 per 100 kilo on a pack of 4.18m tons.

If the EEC wishes to reduce its agricultural expenditure, decisions need to be taken as to whether the tomato industry, for example, needs aid of this level to compete, or whether it could prosper with much less aid and we all accept openly that tomatoes, for example, are being used merely as a vehicle to permit EEC funds to be injected into the economy of a member state.

It is against this background that we should all be concerned about developments with the MIP and other aids being offered to Greece. How much of the aid is being given for genuine economic reasons concerning the particular product, and how much, if politically inspired, is a matter that should be causing us and our Government serious concern.

C. C. Benmore.
*Peabody House, Trading Estate, Addlestone, Weybridge, Surrey.*

## Education in management

*From Mr T. Faigle*

Sir,—As a student in the full-time Master's degree programme at the London Business School (LBS), I feel compelled to respond to some misleading information in Michael Dixon's article (August 22) "Survey gives MBAs tha thumbs-down."

Unfortunately, the results of the student survey, which was conducted by Harbridge House Europe, were aggregated for respondents from four programmes of varying length, intensity, and admission standards. Mr Dixon writes "many of the 126 students . . felt their school odmitted people who were not intellectually up to the mark and sometimes so lacking in experience of the working world that they held their classmates back." This is not representative of the LBS full-time programme.

Admission requirements at LBS include not only a very good academic background and/or professional qualification and reference, but also a high score on the American graduate management admissions test (GMAT). Candidates are also required to answer several essay questions and to participate in a case study exercise and personal interview. Business references are also requested.

LBS draws applicants from around the world, many of whom received top marks in their Bachelor degree studies. Only a small percentage of applicants are actually admitted to the programme.

According to statistics published by LBS, the average age of students entering the full-time programme in 1983 was 27, with 80 per cent of the class 25 or older. Only 1 per cent of the class had no prior business experience, with 79 per cent having four or more years of experience. The students came from 22 countries, making it truly an international centre of learning and shared experience.

Mr Dixon also reports that "a goodly proportion of the students felt that some business graduates were unwarrantably arrogant." Since I have no idea how much a "goodly proportion" and "some" are, I have no idea whether this is a major problem or not. Undoubtedly, there are arrogant MBAs, just as there are arrogant people in other fields of work. Not only do business school programmes vary, so also do the people participating in those programmes.

It would seem that there are misunderstandings between UK companies and business schools, which are highlighted by the Harbridge House report. As students at LBS, there are several ways we attempt to bridge that gap. We are required to complete both first and second year projects for client companies. This gives us opportunities for dialogue with high-level managers so that we can understand their needs and they can understand our capabilities. Most students work in the summer break on research and strategy projects for companies. Various clubs at the school regularly invite industry leaders to speak on current and future challenges facing their industries.

Ted Faigle,
*London Business School, Sussex Place, N.W.1.*

## New category of need

*From the Assistant Director, National Consumer Council*

Sir,—We are grateful for Michael Prowse's masterly analysis (August 30) of our report on the social security system.

Churlish though it seems in the circumstances to grumble, we must take issue over a paragraph in the back-page news story by Michael Prowse on the same subject, which reads: "People would receive benefits regardless of their need provided they fell into certain categories—for example, if they were old or unemployed—or had special responsibilities, such as caring for children or the disabled."

"Need" is a weasel word at the moment, which, like Alice in Wonderland's character, can be taken to mean whatever the user wishes it to mean. The problem with the present supplementary benefits system arise from attempts to set artificial dividing lines, between those labelled on the one hand "needy" and those on the other labelled "affluent" and means test them accordingly.

Our report proposed payment of benefits according to a new category of need: namely, those who have special responsibilities, or meet certain contingencies, such as unemployment or sickness.

Maurice Healy,
*18, Queen Anne's Gate, SW1.*

## Intention or action

*From the Chairman, Robert St. Clair & Co.*

Sir, — Maurice Oldfield (August 31) on the subject of portable pensions purports to highlight an anomaly between surveys by the Institute of Directors and the National Association of Pension Funds but I would contend that this is only to be expected.

The IoD survey says that 56 per cent of those polled would take advantage of portable pension proposals but Mr Oldfield states that the NAPF has found that only 7 per cent of their sample avail themselves of the additional voluntary contribution provisions.

My experience, mainly through senior employees, has led me to the conclusions that most are disenchanted with the actual performance of their pension funds and, more seriously, that pension fund administrators, particularly those of major quoted companies, are adamant in their objections to any pension fund member effecting a free-standing AVC scheme. I have a number of examples where an employee with, say, a short-fall of 4/60ths has been invited to make an AVC but when the proposition has been put that his extra contribution be put into a pension fund outside the employer's, there has been a flat refusal — this in spite of the fact that the costs of funding the short-fall in an outside scheme are probably lower.

Can Mr Oldfield tell me and other readers if Allied Lyons will allow a member of its pension fund to contract outside for AVCs? Or does it follow the usual cosy practice of other major NAPF members?

Much more importantly, when can we see interchangeability of transfer values between company and self-employed schemes?

Clive R. Basche.
*22, Queen Street, Salisbury, Wilts.*

# FINANCIAL TIMES

Wednesday September 5 1984



## Dollar surges to record highs

By Philip Stephens in London and Paul Taylor in New York

THE DOLLAR surged on foreign exchange markets yesterday, hitting record highs against sterling and several other European currencies as investors anticipated that the strength of the U.S. economy would keep U.S. interest rates high.

The West German Bundesbank sold an estimated $100m in an attempt to slow the U.S. currency's rise, but strong demand from both European and U.S. investors took it to an 11½-year high against the D-Mark.

Against sterling, the dollar closed in London at a record high of $1.2925, up 1.05 cents on the day, after hitting a peak in earlier trading of $1.2905.

The U.S. currency, which also finished at new highs against the French franc, lira and several Scandinavian currencies, rose nearly 2 pfennigs against the D-Mark to DM 2.9300.

In New York, it breached the FFr 9 level for the first time, trading at FFr 9.0095 before the close. By lunchtime, the U.S. currency was quoted at $1.2880 against sterling, at DM 2.9345 against the West German currency and at Y244.0.

The sharp upward movement in the dollar was partly attributed to a squaring of dealer positions after the Labor Day holiday but more significantly to a marked change in market psychology. In particular, a growing number of senior Wall Street economists have recently warned of a further increase in U.S. short-term interest rates.

Foreign exchange dealers said the rise was spurred by sentiment that the U.S. economy was still growing strongly, maintaining upward pressure on interest rates.

Many economists also believe that even if the economy does slow, strong demand for credit both from the U.S. Government and business will underpin rates at or above present levels in coming months.

Most dealers predicted further gains for the dollar in the next few weeks, although they said central bank intervention or profit-taking could lead to temporary setbacks.

Sterling remained fairly stable against most other leading currencies, despite the collapse of planned talks to resolve the UK miners' strike and continuing disruption at many ports

Its trade-weighted index against a basket of currencies fell to 71.8 from 78.1.

See Lex, this page

## British miners and coal chief abandon peace bid

BY OUR LABOUR STAFF IN BRIGHTON AND LONDON

THE TALKS arranged for this week between the two sides in Britain's national coal dispute were abandoned yesterday amid mutual recriminations. Mr Ian MacGregor, chairman of the board, accused Mr Scargill of lying. "It is absolute nonsense," he said.

Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), blamed the National Coal Board (NCB) for its "astonishing" turnabout after the agreement to meet was announced at the Trades Union Congress meeting in Brighton on Monday.

Mr Peter Walker, the Energy Secretary, entered the argument by saying it came as "a total surprise to the Coal Board and the Government when Mr Scargill announced that the talks had been called off."

The board's deputy chairman, Mr James Cowan, said it had been "mutually agreed" that the talks would be a waste of time because the union refused to discuss the closure of uneconomic pits, the issue over which the strike was called.

Last night, Mr MacGregor offered to meet Mr Scargill on Sunday despite the collapse of the peace initiative. He insisted that the talks would be pointless unless the key issue of uneconomic pits was on the agenda.

The failure of the initiative leaves the trade unions with the awkward task of delivering on their commitment, made at Congress on Monday, to support the miners. The first signs are that the support will be organised at a deliberate pace.

Mr David Basnett, of the General, Municipal and Boilermakers Union and a key figure in drawing up the TUC's statement of support, said meetings of his members in the power industry would now be held to determine what action should be taken. Leaders of the electricians and the power engineers have made it clear that their members will not be called out.

Mr Neil Kinnock, the opposition Labour leader, devoted much of his first speech to Congress to a forthright denunciation of violence in the dispute – which, he told Congress to a few catcalls followed by a burst of applause – "creates a climate of brutality."

He declared: "Violence distracts attention from the central issues of the dispute. It obscures the justice and validity of the miners' case."

The Prime Minister yesterday rejected the Labour Party's demand for a recall of parliament from its summer recess to debate the strike.

In a letter to Mr Kinnock, Mrs Margaret Thatcher said the Government saw no useful purpose in recalling MPs "at the present time."

Mrs Thatcher said the strike could be settled quickly if the NUM was prepared to discuss ways of achieving a prosperous and efficient industry.

In Britain's other big industrial dispute, dockers' leaders yesterday halted, at least temporarily, the gradual disintegration of their 11-day-old national strike. In the absence of peace initiatives, they promised renewed efforts to make it more effective.

Picketing has partly stifled the revolt against the strike at the traditionally militant port of Hull. Eighty of the 879 dockers reported for work yesterday morning but by the afternoon that had fallen to 37.

Mostyn in North Wales, with 43 dockers, became the first port outside the national dock labour scheme to join the stoppage.

TUC opposes union laws, Page 9

## Gatt members condemn U.S. move to restrict textile imports

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN GENEVA

LEADING industrial countries yesterday joined forces with Third World textile exporting nations in demanding withdrawal of pending U.S. regulations to curb sales and trade by raising import duties.

The severe criticism of the U.S. decision, led by Canada, Japan, the EEC and 28 developing countries, was soundly rejected by the U.S. negotiator as they met in an emergency meeting of the 51-nation textile committee of the General Agreement on Tariffs and Trade (Gatt).

M Jean-Pierre Leng, chief EEC textiles negotiator, told the meeting the U.S. had not sufficiently thought through the consequences of its actions.

Its curb on imports are to go into effect on September 7. Some exceptions were made for curbs to begin on October 31, providing the goods were ordered before August 3.

The EEC plans to seek urgent bilateral talks with the U.S. Administration in Washington to discuss the matter, M Leng said.

Japan, which called for a postponement of the introduction of the new rules, and Canada, which also wants bilateral talks, supported M Leng.

Mr Bob Shepherd, chief textiles negotiator at the U.S. trade mission in Geneva, replied that the changes were not contrary to the Multifibre Arrangement (MFA), the world agreement which governs most textiles trade. They were taken to close serious loopholes and violations of textile agreements, he said.

In an attempt to placate critics Mr Shepherd offered to talk to any country which believed it would be adversely affected by the new regulations.

The 28 developing countries for whom textile exports are vital, were in no mood to be placated, however, after hearing the swingeing attack from Sig Sergio Helgardo, the Mexican delegate, who presented their case. He called the U.S. action a violation of the spirit and letter of the MFA, "a dangerous precedent," a "flagrant violation" of previous assurances and likely to lead to a deterioration in the international environment.

Sig Delgardo was condemning President Reagan's decision to introduce new rules on the country of origin designation which signifies where a shirt, pullover or dress has been made. MFA rules lay down that where changes in import rules are introduced the affected market should be given 60 days in which to consider the implications and lodge any objection.

Under pressure from the strong U.S. textile lobby in the approach to the November election, President Reagan short-circuited the rules and announced their introduction from September 7. He also said more detailed and stringent documentation would be needed in future to identify precisely where each part of an item had been made.

It is not uncommon for clothes to be made in a series of countries, with the last stage in the production process carrying the origin label.

The U.S. complains thet this last stage is often artificially carried out in a country which has a liberal export quota to the U.S.

## Officials executed for fraud in China

By Mark Baker in Peking

CHINESE authorities have uncovered fraud and corruption involving tens of millions of dollars within government agencies and enterprises.

At least 10 prominent officials have been executed in recent months for their roles in rackets that included large-scale theft of coal, timber and grain, smuggling and the sale of visas to Hong Kong.

The office of China's Prosecutor General says more than 36,000 people have been arrested during the past two years for taking part in business swindles.

The office said that between early 1982 and the end of last year it handled almost 60,000 cases of bribery, fraud, tax evasion, trade mark falsification, misuse of relief funds, smuggling and profiteering – more than 10 per cent of them involving over $5,000.

Chinese Legal News, an official publication, reported that judicial departments across the country had recovered $44m in lost state funds during last year alone.

Some of the serious cases are receiving widespread publicity as the central Government attempts to clean up what is clearly an epidemic of corruption within its ranks.

A general anti-crime campaign conducted late last year has been scaled down, largely because of adverse reaction from abroad to the execution of more than 5,000 people. However, the executions of people guilty of economic crimes are still being highlighted as an example.

Zheng Tianxiang, president of the supreme people's court, said two weeks ago: "Serious criminal elements must be harshly and promptly punished."

Zheng said: "Although a conspicuous improvement has been made in the standards of social conduct, a fundamental change for the better has not been achieved. Some deeply hidden criminals have still not been ferreted out."

Since the drive against economic crime within the bureaucracy was intensified this year, the official ferrets have unearthed some remarkable cases.

The latest case to be made public is that of the "timber queen" from the north-eastern province of Jilin. The woman, Cheng Shenglan, 42, was sentenced and executed immediately on August 16 after a brief court hearing.

Cheng, a saleswoman with a construction collective in the city of Danong, was found guilty of bribery, fraud and embezzlement involving the theft of 8,000 cubic metres of timber worth $70,000.

She had run a lucrative business selling off government timber to private buyers and pocketing the proceeds. She had bribed 22 officials of the local railway bureau and other departments, with more than $12,000, including gifts of colour TVs, cameras and watches.

As usual, however, there are political overtones. "Some criminals are followers of the Gang of Four who want to make up economically what they lost politically," says the official.

## Calvet named new chief of Peugeot group

Continued from Page 1

which embraces the Peugeot and Talbot car marques.

The top management reshuffle comes at a delicate time for the private car group, currently involved in a big labour conflict over its decision to make 1,950 compulsory redundancies at Citroên.

Production at the large Citroên car plant at Aulnay-sous-Bois, in the outskirts of Paris, was halted for most of the day by labour strife

The dispute at Citroên is developing into a serious test between the pro-Communist CGT union and the Socialist Government,

## THE LEX COLUMN

# The pound off Brighton pier

No fund manager worth his salt is going to be put out by setbacks in non-talks with the miners, so the institutional selling which hit equities yesterday is hard to pin on any one news item from the trades union conference in Brighton. Still, fresh uncertainty about the general situation on the strike front was fully in keeping with a downcast mood.

Some of the wilder takeover speculations started to get the heave-ho and there was little sign of encouragement last night from Wall Street's post-Labor Day performance.

The gilt-edged market was a little disappointed by the money supply figures, although these still look consistent with an underlying fall in bank lending. Dealers marking down their prices had one eye on the sterling-dollar rate and the continuing resilience of the latest economic statistics from the U.S. which are giving the dollar yet another boost.


### Acrow

For at least the last 18 months Acrow's painfully-geared existence has been almost indistinguishable from receivership, since bankers had a charge on practically everything that moved. Yesterday's final push over the edge, bringing in the men from Cork Gulley, is a change more of description than of substance.

At the terminal suspension price of 8½p for the vote-less ordinary shares, the market's valuation of Acrow was barely £5m – about 10 per cent of the amount its various creditors would now like to extract from it.

Acrow's predicament was largely the product of running into the 1980 recession in several kinds of overdrive; debt was already excessive, the company was critically dependent on the exchange rate, and its sales policy was to hold market share even if it meant giving the product away.

This combination was such a potent prescription for disaster that even when the dangers had been recognised and the mistakes reversed, the chances of a successful rescue operation were always slim. With capital gearing of 200 per cent the group could not survive, but most subsidiaries are trading in the black, giving the receivers a chance to salvage plenty from the wreck.

The difficulties were compounded by the particularly pernicious form of gearing which gave voting control of the company to the holders of less than 2.5 per cent of its issued capital. It is a matter of record that plans to re-capitalise the company – giving its bankers some equity in exchange for their loans – were frustrated by the fact that the new shares would not have given them any votes.

The end in receivership says pretty clearly what providers of capital think of such an arrangement, when the chips were down, voting control turned out to be worthless.

### Euromarkets

September's flavour of the month in the Euromarket looks like being a new, triple-decker facility from the commercial banks, which can offer medium-term funds at short-term borrowing rates. The gentlemen from the Swedish National Debt Office took a $4bn swing at it earlier this week and Citicorp is now in the throes of marketing a similar facility for Britoil.

This is the first time a corporate name has tackled the idea, which is perhaps a little surprising. Multi-facility deals have been syndicated for a number of sovereign borrowers since 1979, attracting considerable corporate interest. In essence, the commercial banks commit themselves to a traditional standby credit, which is then used as a backstop to two other options: either the borrower can call on the syndicate banks for short-term cash, or else invite a group of the banks plus other outside issuing houses to place short-term securities on its behalf in the Euro-note market, which is broadly comparable – in concept rather than size – with the U.S. commercial paper market.

The commitment fees look juicy enough to have the bankers interested, but not so big as to cancel the price advantage of short-term over long-term funds for the borrower. At the same time, there is the benefit of being able to chop and change between the three available options as capital market conditions fluctuate.

Access to institutional investors will surely be an added incentive for some companies. Indeed, in Britoil's case, a successful deal will mark the company's coming of age not only with investors but with the banking market as well, setting the seal on its transition from a project-financed exploration group to a fully fledged corporate credit with a sustained cash flow. Quite an innovative debut, all in all.

### Nestlé/Carnation

It might be inferred from Nestlé's block-busting bid of nearly $3bn for U.S. food group Carnation that the Swiss giant is a glutton for punishment. Scarcely a month has elapsed since the U.S. Federal Trade commission barred Nestlé from a $500m bid for a contact lens manufacturer on anti-trust grounds. Yet here is Nestlé, with U.S. food sales of about $2bn, proposing to take over a food company with U.S. sales of $2.5bn.

Oddly, this time it might be different. In the U.S. food market mere size is clearly not a barrier, as shown by the $3bn Beatrice/Esmark merger. And aside from condensed and evaporated milk there seem to be few overlaps in the two groups' U.S. operations.

Carnation has some obvious attractions for Nestlé. Nearly a quarter of Carnation's profits come from pet foods – a new but sensible departure for Nestlé – and whereas Carnation's weakness lies in its non-U.S. operations, Nestlé's case is the reverse.

In one sense the proposed merger is a mismatch – Nestlé is highly cash-generative, but so is Carnation, with a net cash pile of more than $100m and rising. Since the deal is enough to drain even Nestlé's enormous coffers, however, that is a question for the future. The fact that this bid must mark an end to Nestlé's programme of major acquisitions is not lost on the London market, where the first reaction yesterday was to mark Rowntree's share price down by nearly 10 per cent.

## Carnation accepts $2.89bn Nestlé bid

Continued from Page 1

by analysts yesterday as a good, or by some, a generous one.

Mr George Novello of E. F. Hutton said: "I think it is a clear signal that Nestle was willing to pay any price to get further representation in the U.S."

Nestle and Carnation, known universally as reticent companies, built their businesses on milk-based foods but have subsequently broadened their product mix. Thus although there are considerable overlaps, the acquisition of Carnation will give Nestlé a considerable strength in other markets including, for example, the booming pet foods sector.

Nestle has made clear in the past couple of years that it was intent on expanding aggressively in the U.S. For a time, however, its plans appeared balked by a successful four-year-long boycott of its products in the U.S. spurred by a long-running debate over its marketing of baby-food products in the Third World. In January the boycott was ended after its proponents accepted that Nestlé had changed its marketing tactics.

Since then, the Swiss group's plans have fuelled a wave of takeover speculation on Wall Street. This year it has announced plans to spend $885m on acquiring three companies. Its proposed $513m purchase of Coopervision, the California eye-care company, fell foul of anti-trust objections and was abandoned five weeks ago.

Recent Results Compared*

| | Nestle Sales $bn | Nestle Net profit $m | Carnation Sales $bn | Carnation Net profit $m |
|---|---|---|---|---|
| 1979 | 8.9 | 336 | 2.8 | 138 |
| 1980 | 10.1 | 281 | 3.2 | 155 |
| 1981 | 11.4 | 397 | 3.4 | 172 |
| 1982 | 11.4 | 453 | 3.4 | 191 |
| 1983 | 11.5 | 519 | 3.4 | 195 |

*At current exchange rates

Mr Helmut Maucher, Nestlé's managing director, has made clear, however, that the company's main takeover targets would be in food.

Despite the size of its existing operations in the U.S. mostly in the baby food, coffee and chocolate markets, the company is not regarded as outstandingly successful there. Critics suggest its marketing in the U.S. has lacked flair, that it has been slow to introduce new products and has been losing share in the highly competitive coffee sector.

Its acquisition strategy over the last few months has been accompanied by managerial changes which have suggested that it was gearing up to tackle its U.S. performance. It will be hoping that Carnation, with a reputation for solid management and steady earnings growth will inject a new sense of purpose Carnation's profits have risen without missing a beat for 23 years.

Although Carnation floated its shares on the New York Stock Exchange in 1980, its ownership is still dominated by insiders, including the Stuart family, who founded it in 1899.

This structure has led to questions over management succession. The company is currently run by Mr H. Everett Olson, 77, the first non-family member to head the company.

The company has been made additionally attractive by its strong balance sheet. It is reckoned to have had around $230m in cash at the end of the first quarter and has virtually no short-term debt.

Wall Street analysts yesterday were unanimous in regarding the $83 a share bid as "a good one" for Carnation shareholders. Some suggested, however, that Nestlé was paying dearly for its overriding desire to expand its U.S. activities.

Based on 1983 earnings, the price represents about 15 times earnings. Some analysts think the company may earn almost $7 a share next year and regard the acquisition multiple of around 12 times projected earnings as reasonable for the sector.

Helmut Maucher, Nestlé managing director

The U.S. food sector has seen increasing merger and acquisition activity in the past few months – highlighted by Beatrice's $2.9bn acquisition of Esmark. In part this reflects the feeling that food stocks have been relatively cheap while providing a solid earnings stream in the event of a significant downturn in U.S. economic activity.

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 26 | 79 | Dubrovnik | S | 28 | 82 | Malaga | S | 26 | 79 | Salzburg | S | 25 | 77 |
| Akrotiri | S | 28 | 82 | Faro | S | 31 | 88 | Malta | - | — | — | Seoul | F | 23 | 73 |
| Algiers | S | 31 | 88 | Florence | - | — | — | Manila | R | 30 | 86 | Singapore | F | 31 | 88 |
| Amsterdam | R | 19 | 66 | Frankfurt | C | 20 | 68 | Miami | C | 30 | 86 | Stockholm | C | 10 | 50 |
| Athens | C | 31 | 88 | Funchal | S | 23 | 73 | Milan | - | — | — | Strasbourg | - | — | — |
| Bahrain | C | 34 | 93 | Geneva | S | 25 | 77 | Moscow | C | 19 | 66 | Sydney | S | 24 | 75 |
| Bangkok | C | 32 | 90 | Gibraltar | S | 29 | 84 | Munich | S | 24 | 75 | Taipei | C | 29 | 84 |
| Barcelona | - | — | — | Guernsey | S | 17 | 63 | Nairobi | C | 25 | 77 | Tangier | F | 24 | 75 |
| Beirut | C | 29 | 84 | Helsinki | C | 14 | 57 | Naples | - | — | — | Tehran | - | — | — |
| Belgrade | S | 31 | 88 | H Kong | C | 30 | 86 | New Delhi | F | 30 | 86 | Tel Aviv | S | 29 | 84 |
| Berlin | C | 24 | 75 | Innsbruck | S | 23 | 73 | New York | - | — | — | Tenerife | S | 28 | 82 |
| Biarritz | S | 23 | 73 | Inverness | C | 14 | 57 | Nice | F | 25 | 77 | Tokyo | S | 33 | 91 |
| Blackpool | F | 14 | 57 | Istanbul | S | 26 | 79 | Oporto | C | 20 | 68 | Toronto | C | 16 | 61 |
| Bordeaux | F | 24 | 75 | Jersey | F | 17 | 63 | Oslo | S | 14 | 57 | Tunis | S | 31 | 88 |
| Brussels | C | 18 | 64 | Jo'burg | F | 16 | 61 | Paris | R | 18 | 64 | Valencia | S | 28 | 82 |
| Budapest | S | 29 | 84 | Las Palmas | S | 26 | 79 | Prague | F | 25 | 77 | Venice | - | — | — |
| B. Aires | C | 18 | 64 | Lima | C | 20 | 68 | Reykjavik | C | 9 | 48 | Vienna | S | 26 | 79 |
| Cairo | S | 30 | 86 | Lisbon | S | 25 | 77 | Rio de J'o | C | 31 | 88 | Warsaw | F | 25 | 77 |
| Cape Town | R | 13 | 55 | Locarno | C | 21 | 70 | Rome | C | 32 | 90 | Zurich | F | 23 | 73 |
| Caracas | C | 28 | 82 | London | C | 15 | 59 | | | | | | | | |
| Casablanca | S | 24 | 75 | Los Angeles | C | 31 | 88 | | | | | | | | |
| Copenhagen | R | 12 | 54 | Luxembourg | C | 15 | 59 | | | | | | | | |
| Corfu | - | — | — | Madrid | S | 30 | 86 | | | | | | | | |
| Dublin | F | 14 | 57 | Majorca | S | 29 | 84 | | | | | | | | |

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

## Italy's discount rate raised 1 point

Continued from Page 1

However, there was an overall balance of payments deficit of L2,556bn ($1.4bn) in the first seven months of this year, compared with a surplus of L2,764bn in the same period of 1983. The Bank of Italy now thinks there might be a current-account deficit this year of between L1,000bn and L2,000bn, instead of the small surplus or equilibrium forecast earlier.

Both the central bank and Sig Giovanni Goria, the Treasury Minister, are also concerned that lending by the banks to the private sector is running about 4 per cent over the monetary targets established at the beginning of the year.

They fear that the excess credit might lead to higher imports and imperil the decline in the inflation rate, which is now 10.5 per cent, compared with last year's average of nearly 15 per cent.

There are now official doubts that the Government's target of a 10 per cent average inflation rate for the year will be met. At the weekend, Sig Bettino Craxi, the Prime Minister, appealed on the radio to shopkeepers to hold down their prices.

Yesterday Sig Renato Altissimo, the Industry Minister, expressed the fear that tha rise in the discount rate would "put a brake on the weak recovery under way."

Shares fell back by an average of about 1.5 per cent on the Milan Stock Exchange, with the main private-sector industrial groups particularly affected.

The dollar meanwhile reached a new record against the lira, breaking the 1,800 barrier to be fixed at L1,802.50.

The first sign that the authorities were worried about the way Italy's recovery was going came late in July, when the bank of Italy imposed a freeze on the total level of debt that Italian banks may incur abroad, after a rise of $2.1bn in the banks' net foreign indebtedness in the first six months of the year.



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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday September 5 1984



# Bofors to take control of KemaNobel

By Kevin Done in Stockholm

BOFORS, the Swedish armaments group, is taking control of KemaNobel, the country's largest chemicals concern, in a deal worth nearly SKr 3bn ($361m).

The new group, with combined annual sales of more than SKr 10bn, will become one of the top 20 industrial corporations in Sweden.

Bofors, which had built up a 38 per cent interest in KemaNobel in the last two years, said yesterday it had agreed to buy for SKr 1.5bn the 32 per cent KemaNobel stake held by the Wallenberg investment companies Investor and Providentia.

The sale is the latest move in a continuing shake-up of the formidable Wallenberg holdings in Swedish industry, which have come under increasing pressure since the death of Dr Marcus Wallenberg two years ago.

The Wallenberg group, in which Investor and Providentia are the lynch pins, recently wrested back from Volvo control of two of its leading companies, Stora Kopparberg, the forest products company and Atlas-Copco, the engineering group in deals worth more than SKr 3bn.

It has been unable, however, to recover its dominant role in KemaNobel, which it lost more than two years ago when Mr Erik Penser, the UK-domiciled Swedish financier, bought his way into the company. Yesterday's deal set the seal on the withdrawal of the Wallenberg interests and the emergence of Mr Penser as a leading force in Swedish industry.

Mr Penser, a former Stockholm stockbroker, controls a holding of about 60 per cent in Bofors through Carnegie, Asken and Yggdrasil – investment companies in which he holds substantial stakes.

The deal will give Bofors direct control of 70 per cent of the KemaNobel equity and 72 per cent of the votes. In addition it is offering to take over the remaining shares in the company at SKr 520 per share – the price paid to Investor and Providentia. The purchase price represents a 30 per cent premium over the last KemaNobel share price quoted before trading was suspended yesterday.

As an alternative to the cash offer KemaNobel shareholders are being offered three year debentures paying 14 per cent interest or six year convertible debentures paying 8 per cent interest, with a warrant to purchase one Bofors share at SKr 500 per share for each KemaNobel share.

Bofors, which had sales of SKr 4.37bn last year, has suffered from sharply falling profitability in the last three years as armaments sales have fallen, leaving the group with marked overcapacity.

It has been seeking to reduce its dependence on the armaments industry, which last year accounted for about 44 per cent of turnover compared with 50 per cent in 1979, by expanding into other fields – chiefly chemicals, electronics and pharmaceuticals.

By contrast KemaNobel has completed the major steps of a far-reaching restructuring programme designed to take it out of basic petrochemicals and plastics materials and into speciality chemicals and consumer products.

It made sales of SKr 5.78bn last year and more than doubled its profits (after financial items) to SKr 557m.

There could be scope for a restructuring of the two groups' interests, particularly in explosives, but Bofors stressed yesterday the KemaNobel units would continue to enjoy a large degree of independence.

**David Housego in Paris** looks at government attempts to revitalise industry

# Fives-Lille to put Creusot back on its feet

IF FURTHER proof were needed of the readiness of France's Socialist Government to be ruthless in restoring the competitivity of French industry, it lies in the decision to give Fives-Lille the leading role in the salvaging of Creusot-Loire.

Fives-Lille, the holding group for heavy equipment manufacturer Fives-Cail Babcock, came close to bankruptcy itself in 1958. It has since kept its head above water through the depressed markets of two oil shocks by strict financial management and by pruning back its labour force – criteria that Creusot-Loire was slow to follow.

The group boasts virtually no long term debt and cash reserves of close to FFr 1bn ($113m). It points with satisfaction to the record of Fives-Cail Babcock, which had by turnover of FFr 1bn in 1975 and a labour force of 7,000. By 1983 turnover had more than doubled to FFr 2.3bn, while the labour force had been almost halved to 3,750. It is precisely this record that alarms the trade unions at Creusot-Loire, which will have their first formal contact with Fives-Lille tomorrow.

Fives-Lille (the odd sounding name comes from the suburb of Lille in Northern France where the company began producing steam engines in 1861) counts itself as the number two heavy engineering concern in France. But with a consolidated turnover of FFr 4.2bn last year, it came a long way behind Creusot-Loire, which had sales at parent company level in 1983 of FFr 6.2bn and a consolidated group turnover of FFr 17bn.

As an international process plant manufacturer, it is well down the league of the major multinational concerns. But unlike Creusot-Loire, which ran up a steady stream of losses in recent years, Fives-Lille has remained in the black with a profit last year (less minority interests) of FFr 96.6m.

About half of Fives-Lille's activity comes from sugar and cement equipment manufacture – the company is fond of saying that a "sugar plant is not put up in the world without us being consulted." A further 15–20 per cent is derived from the manufacture of boilers for thermal power stations, about 8–10 per cent from handling and hoisting equipment, and 10 per cent from equipment for mechanical ore dressing.

FIVES-LILLE'S RECORD (FFr bn)

| | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Turnover | 3.265 | 3.524 | 3.907 | 4.145 | 4.239 |
| France | 1.480 | 1.371 | 1.628 | 2.304 | 2.027 |
| Exports | 1.785 | 2.153 | 2.278 | 1.840 | 2.211 |
| Net profits (FFrm excluding minority interests) | .65 | .66 | .106 | .103 | .96 |

Exports generate about 50 per cent of sales. Like Creusot-Loire, Fives-Lille's most serious problem at the moment is the depressed state of orders from developing countries because of their financial problems.

Fives-Lille sees its main activities as complementing those of Creusot-Loire. It rejects the accusations of the unions and management at Le Creusot that it is a competitor of the group pouncing on an opportunity to seize its exports markets.

The only area in which Fives-Lille believes it competes with Creusot is in steel equipment manufacture (where Creusot's subsidiary Clecim is a rival of Fives-Lille's steel division) and to some extent, armaments manufacture. But Fives-Lille has no experience of nuclear or hydraulic equipment which is a speciality of Creusot's. It says that its compressors and turbines are out of the same range as those made by Le Creusot.

The idea that Fives-Lille should have a leading role in the rescue of Creusot-Loire sprang from the discussions that the Ministry of Industry held with leading French companies after Creusot-Loire filed for bankruptcy two months ago. Other French groups were ready to snap up parts of the company – Alsthom-Atlantique for instance was interested in parts of its energy activities and Jeumont-Schneider in its rail division. But the Government wanted a company that would maintain the integrity of Creusot-Loire's main operations at Le Creusot. Fives-Lille was prepared to do that on certain conditions.

It stipulated that as a private company quoted on the bourse it would take no risks that jeopardised its shareholders' interests. Among the conditions it set were the shedding of a large number of subsidiaries and 2,500 redundancies which the Government has accepted. The slimmed-down Creusot-Loire being taken over by the new consortium in which Fives-Lille has a 25.5 per cent stake will have a turnover of about FFr 3bn.

Fives-Lille believes that it will further need to cut costs at Creusot and to trim overhead expenses. But it sees no reason way the purge it has imposed on itself should not work at Creusot-Loire and it thinks that the group can be made profitable again.

Fives-Lille has little to lose in the venture. Its financial risk is limited to its share of the FFr 250m starting capital for the new company in which the other shareholders are Framatome, the nuclear power concern, Usinor, the state-owned steel company and a number of nationalised banks. A strong reason also for Fives-Lille's contributing to the rescue operation was to prevent Creusot-Loire from being salvaged through additional state support, that could have transformed it into a dangerously privileged competitor.

Nonetheless, its entry into Creusot-Loire does represent a major departure for a company that has followed a policy of prudence. Its recent acquisitions have been of small to medium scale equipment manufacturers such as Pierre Guerin which specialises in installations in the dairy industry, and Syprim, manufacturers of single load continuous handling operations. The logic has been to extend more intensively in the difficult market for international turnkey projects.

Fives-Lille also carried out an unexpected diversification last year when it brought a majority stake in NASA, a French distributor of consumer electronic products. Fives-Lille believed that it needed another bow to its string.

The Fives-Lille group is a product of successive mergers. In 1958 it linked up with SFCM to form the Fives Lille-Cail company. Fives-Cail Babcock was created in 1973 out of a merger between Fives-Lille, Cail and Babcock Atlantique. It represents about two thirds of consolidated group profits.

# Massey out of the red in quarter

By Bernard Simon in Toronto

MASSEY-FERGUSON, the Canadian farm, industrial machinery and diesel engine manufacturer, sustained its return to profitability in the three months ended July 31, posting net earnings of U.S.$7.4m compared with a U.S.$11.3m loss in the same period last year.

Mr Victor Rice, chairman, said the short-term outlook for farm machinery remains "seriously depressed." Mr Rice warned earlier this year that the prospects for continued profits are clouded. Massey-Ferguson's return to profitability has been due largely to a dramatic cut in the company's size. Some 15 plants have been closed in North America and the company's workforce shrunk from 67,000 to 23,000.

Income for the first half of the 1984 fiscal year reached U.S.$9.8m or 3 cents a share, following a U.S.$29.2m loss, equal to 43 cents a share in the last year's first half. The company, which has been kept afloat in the past few years by refinancing agreements with over 200 creditors, has suffered losses totalling almost U.S.$800m since early 1981. Its first-quarter profit of U.S.$2.4m was the first in three years.

Sales in the latest quarter rose 1.4 per cent to U.S.$407m, thanks largely to a 39 per cent increase in sales by the engine division, which includes Perkins Engines and the diesel engine division of Rolls-Royce, acquired earlier this year. A Massey-Ferguson official said the rise was due to the general economic recovery in North America and the impact of the Rolls-Royce purchase. Engine sales total U.S.$39m in the second quarter.

The company's sales in North America increased by 11 per cent in the second quarter to U.S.$155m. Demand for small tractors improved, but was offset by the depressed market for combine harvesters and large tractors. European sales declined by 12 per cent to U.S.$140m, reflecting lower farm support prices.

No decision has yet been taken on the future of the loss-making combine and tractor plants at Aprilia, Italy and Marquette, France.

# Farmitalia profit up strongly in first half

BY JAMES BUXTON IN ROME

FARMITALIA Carlo Erba, the leading Italian pharmaceuticals company, yesterday reported substantial rises in sales and after-tax profits in the first six months of this year.

The Milan-based company, which is part of the Montedison group, reported sales of L306bn ($172m) for the parent company, Farmitalia Carlo Erba Spa. This represents a rise of 20 per cent.

After-tax profits were also up by about 20 per cent over the period, but no figure was given.

The Farmitalia Carlo Erba group as a whole reported sales of L430bn in the first half, a rise of 18 per cent. Some 68 per cent of the total was registered outside Italy.

Farmitalia Carlo Erba is controlled by Erbamont NV, a company registered in the Netherlands Antilles, which was established last year. About 70 per cent of Erbamont is held by Montedison, the Italian chemicals group.

The U.S. chemical company Hercules controls a little under 15 per cent, and the rest is held by the public. Erbamont is quoted on the New York Stock Exchange.

The company said yesterday that its managing director, Mr Hans Biener, is resigning to take up another position in the Montedison group. His place as managing director will be taken by the chairman, Sig Ugo Niutta.

As reported yesterday, Farmitalia Carlo Erba has made special provisions of L10.5bn gross of tax for losses incurred on its anti-arthritis drug Flosint, which has been withdrawn from the market on safety grounds. Net of tax, the measure will cost the company L8bn.

# French utility's debt to peak at FFr 250bn

BY OUR PARIS STAFF

ÉLECTRICITÉ de France (EdF), the French state electricity utility and one of the country's largest borrowers, expects its overall level of debts to peak at FFr 250bn ($28bn) during the next five years.

The utility's debts totalled FFr 169bn at the end of last year. It needs to raise FFr 20bn this year and next year in fresh money (new borrowings less principal repayments) to finance its investment programms.

EdF indicates that these fresh money needs are expected to fall to FFr 8.5bn in 1986. This substantial decline is tied to the drop in the utility's nuclear power investment programme.

It expects to reduce its losses considerably this year to about FFr 1bn after deficits of FFr 5.7bn in 1983 and FFr 7.9bn in 1982.

The utility also indicates that, on the basis of electricity rate increases equal to the rise in annual inflation, its total level of debts in constant money could start declining in two to three years' time.

# Lonza sales rise 15%

BY JOHN WICKS IN ZURICH

LONZA, the Swiss chemical group which is controlled by Alusuisse, reports a 15 per cent increase in sales for the first half of 1984 and says that all its operating divisions were in profit.

Sales for the half year totalled SwFr 816m ($338m). Although group sales are expected to show little change during the current six months, parent company profits will show a "healthy" increase, Lonza says.

Fixed-assets investments will amount to some SwFr 120m in 1984, compared with SwFr 101m last year.

The company has just completed the first expansion phase of its fine-chemicals plant in Visp, near Brig, at a cost of SwFr 80m, as well as a SwFr 20m residue incinerator.

# Fresh aid for Arbed approved

By Rupert Cornwell in Bonn

THE SAARLAND state government yesterday approved a further DM 112m ($39.1m) of public aid for the chronically loss-making Arbed Saarstahl steel concern, which is due to turn in another big deficit this year.

The new financial help, contained in a supplementary budget due to go before the region's parliament next week, brings total subsidies for Arbed Saarstahl, a subsidiary of Arbed of Luxembourg, to over DM 210m for 1984.

The local and federal governments had committed themselves to providing DM 100m of relief. The new assistance takes the form of DM 77m of direct aid, plus part of the proceeds of sale of company property, to be acquired by the Saarland government.

According to Herr Werner Zeyer, the region's prime minister, the company will carry out a shakeup of top management and strengthen co-operation with Dillinger Hütte, Saarland's second largest steel concern, which is controlled by the state-owned Sacilor group of France.

Arbed Saarstahl, which has several times been on the verge of collapse, has received an estimated DM 3.25bn of direct and indirect public support since 1976. But local politicians now maintain that the company's survival is no longer at stake.

However it is committed, under the last rescue measures grudgingly approved by Bonn, to slash its workforce by over 4,000 from the present level of 18,000 by the end of 1986.

# Vallourec links with Sumitomo to manufacture special joints

BY PAUL BETTS IN PARIS

VALLOUREC, the leading French steel tube manufacturer, has teamed up with Sumitomo of Japan to manufacture and market special joints for oilwell tubes in the U.S.

The French company, the world's sixth largest manufacturer of tubes, said yesterday it had formed a joint venture in Houston, Texas, with SMI Oil Field Services, a subsidiary of Sumitomo Metal Industries, and with SC Pipe Services, a subsidiary of Sumitomo Corporation.

The joint venture, 51 per cent held by Vallourec, 34 per cent by SMI Oil Field Services and 15 per cent owned by SC Pipe Services, has been created by the acquisition of the joints manufacturing assets of Otis engineering corporation, a subsidiary of the U.S. Halliburton oilfield services group.

The French company said the assets acquired from Otis were valued at about $30m. They include manufacturing, testing and research and development facilities near Houston airport and a marketing network in the U.S.

Otis had acquired a licence from Vallourec to manufacture the French company's VAM family of joints for oilwell piping, but the Halliburton subsidiary decided to sell its joints operations as part of the group's disinvestment strategy to concentrate on the oilfield completion and services industry.

The joint venture with the Sumitomo subsidiaries, which has been named VAM-PTS, is part of Vallourec's current strategy to concentrate on the tubular energy market and increase its presence in the U.S. The company, whose earlier policy had been to sell the licence of its VAM joints and seek new customers to acquire licences, now sees more opportunities in manufacturing itself its products on the U.S. oil market, which accounts for as much as half the world market for such special joints and tubular products.

For Sumitomo, the joint venture might give the Japanese group's two subsidiaries a significant opening on the U.S. market. Sumitomo already manufactures Vallourec's VAM range of joints under licence in Japan. Sumitomo is also the world leading maker of seamless tubes with Mannesmann of West Germany.

The joint venture is also the latest in a series of associations between Vallourec and other international companies in the North American market.

# El Al back in black on operations

By Davin Lennon in Tel Aviv

EL AL, Israel's national airline, made a small operational profit in the 1983-84 fiscal year, the first time in six years, but sustained overall losses of $14m, which pushed the total accumulated debt up to $340m.

The $1.6m operational profit was very welcome to the management of the airline, which was grounded for four months in 1982-83 by an industrial dispute. It is still in the hands of a temporary liquidator.

Mr Rafi Harlev, the director-general, said that the company could be profitable but the airline had to pay over $30m in interest in its huge accumulated debt from former years. But, thanks to a $15m gain from exchange rate increments, El Al's losses last year were only $14m.

Another source of lost revenue is the government ruling that the airline is no longer permitted to fly on Saturday. Mr Harlev said that, while no exact figures were available, estimates of losses because of the sabbath han range as high as $30m yearly.

Revenue last year was down 9.3 per cent to $434m, while operational expenses were slashed by 27 per cent to $449m.

The company flew 1.6 per cent fewer passengers last year but maintained occupancy at just over 70 per cent. Cargo load went up by 11.8 per cent to 115,000 tonnes.

While Mr Harlev said he was pleased about the operational profits, he was worried about the huge accumulated debt, which would take years to wipe out unless the government found a solution to the problem.

# Strong recovery for VMF-Stork at midway

By Our Financial Staff

VMF-Stork, the Dutch engineering and food processing group which had to be propped up with government money three years ago following a string of losses, reports a strong recovery over the first half of 1984.

Net profits for the six months emerge at Fl 7.1m ($2.19m) against Fl 3.6m a year earlier. Operating profits have risen from Fl 13.9m to Fl 18.4m, and the group confirms that its results for the full year will show a clear improvement over 1983.

Last year net profits totalled Fl 9.9m, having risen from Fl 7m in 1982. Between 1978 and 1980, Stork ran up losses totalling Fl 140m and was forced to turn to the Dutch Government for financial aid.

Orders received for the first 32 weeks of 1984 total Fl 1.2bn, marginally ahead of the Fl 1.1bn of a year earlier. In 1983, orders received stood at Fl 1.8bn.

# INTL. COMPANIES and FINANCE



## First-half earnings at Santos up 56%

By Lachlan Drummond in Sydney

SANTOS, the Australian oil and gas group, increased net earnings by 56 per cent in the half year to June 30 and has also reported a A\$70.4m write-off against its investment in Reef Oil to bring the new subsidisry into line with group accounting practices.

Net earnings for the balf year came to A\$29.5m (U.S.\$15.7m) compared with A\$18.93m, the pre-tax total baving advanced from A\$29.3m to A\$44.3m. Sales for the six months were sharply ahead from A\$60.7m to A\$101.2m as volumes built up in the now completed A\$1.5bn Cooper Basin liquids project.

The interim dividend is up from 6 cents to 7 cents a sbare and will absorb A\$10.75m compared with A\$9.2m, althougb ahares from the recent one-for-four rights issue will not rank for the payment.

The A\$70m write-off against the valuation of the group's investment in Reef Oil compares with the A\$83m paid by Santos to secure the fellow Cooper Basin oil and gas group

Santos is currently bidding A\$105m for Alliance Oil Development, another Australian oil explorer, altbougb its offer of 90 cents a sbare bas been consistently over-bid in the sharemarket.

## Singapore SE announces public listing criteria

BY CHRIS SHERWELL IN SINGAPORE

THE SINGAPORE Stock Exchange, Asia's second largest after Tokyo, has for the first time detailed the criteria used to assess company applications for a public listing.

Its announcement came in response to numerous complaints from frustrated executives, bankers and analysts, who have been unsble to explain wby several bopeful companies have failed to win a quotation over the past 18 months.

The issue has raised questions about the government's view of the stock market's role and about the prospects of Singapore becoming a full-fledged international financial centre.

Tbe criteria, says the Exchange, bave been arrived at after consultations witb the Securities Industries Council which is dominated by the Monetary Authority of Singapore.

According to the criteria, a company seeking listing should have:

● A five-year track record with profits for the latest three, preferably on an increasing trend. A recent substantial acquisition with an unsatisfactory earnings record might well cause the enlarged company to fail in its bid.

● Good management and a stsble track record if the company is in an industry wbere growtb has levelled out, but the company should preferably be in a growth industry. It would also be expected to pay a reasonable dividend in its first year.

● No working capital shortfall, all its directors' debts settled and a debt-equity ratio in line with the industry-wide level. Net tangible assets per share should be no less than the share's par value; surpluses from plant and equipment revaluations would not count.

● Management continuity, or at least demonstrable expertise. Character and integrity will "always" be relevant , and there should be no conflicts of interest between company and directors.

The exchange says that a hotding company will not be listed if an already listed subaidiary controls more than balf its profits or net tangible assets.

Overriding all this, however, is a catch-all statement that the Exchange reserves the power to turn down an application without giving reasons, even if all the criteria seem to be met.

## Downturn for Jurong Cement

JURONG CEMENT, one of five cement producers to benefit from fast-growing Singapore's construction boom, announced higher full-year profits yesterday but expects a disappointing performance in the current year, report Chris Sberwell.

Its forecast points to a turnround for the whole sector, because of "dumping" by overseas manufscturers, a hefty tariff on exports across the causeway to neighbouring Malaysia, and a slowdown in construction locally.

The group reported a net operating profit of S\$10.49m (US\$4.8m) for the year to March, up 34.7 per cent nn the previous year's S\$7.78m. Turnover rose 10.1 per cent

However, an accompanying breakdown of the figures shows that, wbile net operating profit for the first half of the year was 84.7 per cent higher than twelve months earlier, it actually dipped by 1.75 per cent in the second half.

## Sime Darby pays \$98m for stake in UEP

By Wong Sulong in Kuala Lumpur

DAIM ZAINUDDIN, who is in the process of winding up his extensive business interests after being made Malaysia's Finance Minister last July, bas scored yet another corporate coup with the announcement yesterday that two companies under his control are to sell a substantial stake in United Estates Projects to Sima Darby for 227m ringgit (US\$98m).

Under the deal, Sime will acquire 64.72m shares in UEP, representing 32 per cent of the property company, from Peremba and Baktimn in exchange for 97.08m new Sime shares.

The deal with Sime appears to be extremely advantageous to Peremba and Baktimu for two reasons.

First, the basis for the ahare excbange is two UEP shares (with a curent market value of 6.52 ringgit) for three Sime shares (with a current market value of 7.02 ringgit).

Secondly, UEP assets have been revatued recently, wbile Sime's assets, which have not been revalued for the past five years, are grossly under-valued, particularly its extensive plantations.

During the past year UEP shares have nearly doubled in value, wbile Sime sbares have remained stagnant.

## North West Shelf project comes on stream

BY MICHAEL THOMPSON-NOEL IN KARRATHA

ONE OF the world's biggest energy projects, the A\$11.2bn (US\$9.5bn) North West Sbelf natural gas project, officially came on stream yesterday, marking yet another landmark in Australia's development as a major energy supplier.

In a brief yet colourful opening ceremony at Karratha, near Dampier, on the Burrup Peninsula on Australia's remote north west coast, Mr Brian Burke, the Premier of Western Australia, officially inaugurated a project that has taken 21 years, plus some blood and tears, to bring to fruition.

Initially, Australia's largest resource project will supply up to 10.9m cubic metres of natural gas daily to the domestic Western Australian market, sharply reducing the state's dependence on imported liquid fuels.

Later, in its second phase, the North West Shelf project will produce up to 6m tonnes of liquefied natural gas (lng) annually for sale to Japan, plus large quantities of condensate. Earlier plans to extract and market liquid petroleum gas are now likely to be abandoned.

The most feted guests at yesterday's ceremony were 20 representatives of the eight Japanese power and gas utilities that have signed memoranda of intent to buy the lng. The utilities bave not yet signed on the dotted line, meaning that the tiniest of clouds still hovers over the project A\$8.5bn export phase.

However, concern among the partners on this point is minimal, since Mitsui and Mitsubishi, the Japanese trading houses, said on June 20 that they bad decided to take a joint one-sixth stake in the export pbase, involving a capital investment of about A\$1.5bn over the 20-year life of the project.

Five other partners hold equal stakes in the export phase: Woodside Petroleum, the project's key partner and operator; BHP Petroleum, a subsidiary of Broken Hill Proprietary, Australia's largest company; Shell Development (Australia); BP Developments Australia; and Chevron of the U.S.

The five also hold varying stakes in the project's domestic phase. Shell and BHP also own direct and indirect stakes in Woodside, which controls 50 per cent of the initial pbase.

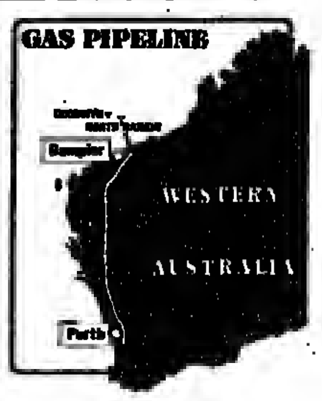
Yesterday, the word was that the eight Japanese utilities expected to sign contracts for delivery of lng by the end of this year. However, deliveries may not start until 1990, against an earlier target of 1988.

Dressed formally, in spite of the heat, the Japanese delegates at yesterday's ceremony revelled in the atmosphere of a typically Australian occasion.

There was a jazz band, speeches, and balloons. Later, 250 guests, with the Japanese power representatives again to the fore, luncbed on oysters, Pavlovas, and cbampagne.

Bebind a platform on which the signatories sat, gleamed the project's Withnell Bay gas treatment plant, wbicb receives gas from the massive North Rankin "A" platform, 130 km offshore in the Indian Ocean.

It is 21 years since Woodside, then a small Australian company, won the rights to explore for oil over an area of 367,000 sq km of the North West Shelf.




Instead of oil, Woodside found vast reservoirs of natural gas, in a wild and remote area subject to cyclones. In 20 years the joint venturers drilled 74 exploration wells and 12 field appraisal wells at a cost of A\$550m.

The area's proven recoverable reserves currently stand at 852bn cubic metres of natural gas, and 524m barrels of condensates, though profits are not expected to be large until the export phase is under way.

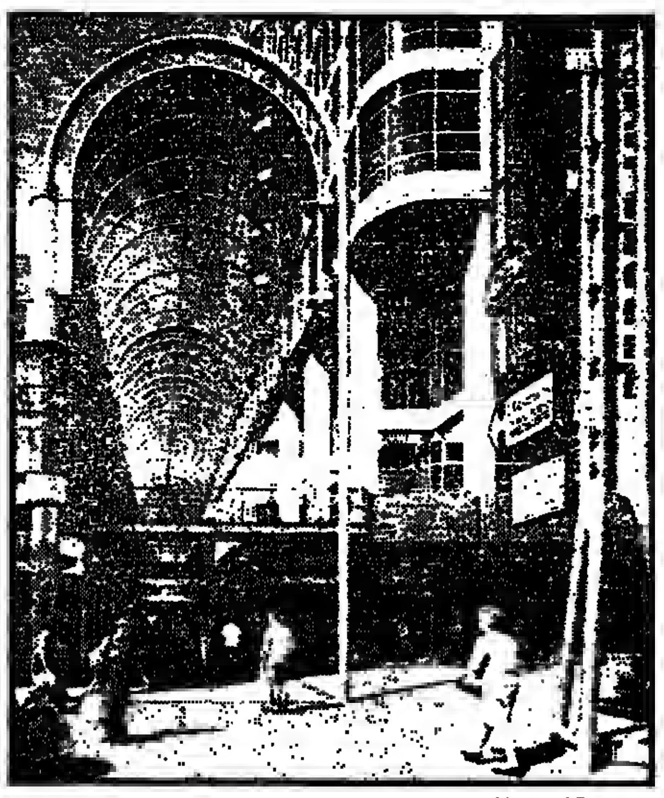
Natural gas from the project started arriving in Perth on August 16 through a A\$926m, 1,500 km pipeline, and is expected to supply about 40 per cent of Western Australia's energy needs by 1993. At plateau delivery rates, the lng pbase will establish a new Australian export industry with earnings broadly equalling those of wheat or wool.

# FINANCIAL TIMES SURVEY

Wednesday September 5 1984

Out-of-town shopping centres have become increasingly popular with both customers and retailers anxious to avoid the congestion of High Streets. Local authorities' attitudes have also changed.

# Hypermarkets and Shopping Centres



Architectural Press

The Brunel Centre in Swindon: a modern shopping mall

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## Choice sharpens competition

**By David Churchill**

SHOPPING CENTRES, hypermarkets and superstores all have one common demoninator in British retailing in the 1980s: trading conditions are extremely competitive.

Yet there appears to be a growing trend among both consumers and major retailers away from the in-town shopping centre and towards the ont-of-town superstore, which means still stronger competition for the shopping centre retailer.

Ian McLaurin, deputy chairman of Tesco Stores, makes it clear that Tesco "does not want to become involved in any new town-centre developments." Lord Sieff, who retired recently aa chairman of Marks and Spencer, also indicated before his retirement that his company was looking tn ont-of-town sites as a means of further expansion.

His successor, Lord Rayner, has made clear that this new policy would be continued. "Unless there is a change of attitude by some local authorities, the importance of the High Street in some localities will decline," he says.

Marks and Spencer clearly has no intention of completely forsaking its prime High Street locations, but its willingness to consider out-of-town options on even a limited scale amply highlights the probiems facing shopping centres.

The key difficulty is "overshopping." "In real terms, the UK is now overshopped almost everywhere. We now have competition not only among brands but among places," says Mr Rodney Fitch of the Fitch and Co design consultancy, which has emerged as one of the most significant influences on the 1980s retail scene.

With some 50 modern shopping centres in the UK—and a further 50 under construction—Mr Fitch estimates that "80 per cent of the population now live within a 15-minute drive of two."

When shopping centres first began to be developed in the UK they could rely nn having a near-monopoly of this type of retailing in their catchment area. Now customers can choose between one centre and another, between old and new centres, and select the one that offers them the best shopping.

This choice applies not only to customers: retailers can be more selective in deciding where to open a new shop.

The battle among the shopping centres for both customers and retailers has put a new empbasis on refurbishment. Many centres developed in the 1960s and early 1970s are now past their prime and are having to be refurbished or redeveloped.

Sterling Guarantee, for example, has just spent £1.1m on revamping the image of its Arndale Centre in Wandsworth, South London, which was completed in 1971. Plans are also under way to spend £2.3m on the reroofing and re-equipping of the much smaller Kingsway centre in Newport, Gwent, built in 1967.

Other important refurbishments include Land Securities' expenditure of about £1.5m on enclosing the pedestrianised precinct at East Kilbride.

### Approach

Laing Properties is reported to be conducting a major public relations exercise with the people of Blackburn to determine the best approacb to refurbishing the 1971 completed shopping centre there.

Yet refurbishment alone is not the answer. "There needs to be a new approach to shopping centre development and management," argues Mr Fitch. "No longer can centres be conceived in purely architectural or geographical terms."

Instead, the way forward for shopping centres must be consumer-led, with an emphasis on innovation and an eye to customers' changing needs.

Such a way ahead can be achieved, if U.S. experience is anything to go by. The Americans have shown the way with their exciting shopping malls and food courts. "They all know that sbnpping is a leisure activity—the longer you keep the customer tha more he will spend," says Mr Fitch.

"Add excitement and theatre, plus creative management, and the rewards can he high," he adds.

The importance of an exciting environment for a shopping centre can be illustrated by the Quincy Market in Boston, Massacbusetts, and the Covent Garden Centre in London. They both recognise that sbopping is indeed a leisure activity in which people'a needs are tacked on to an important part of social life, including entertainment, eating out, chatting and relaxing.

Attracting retailers is as important at attracting the public. "Just as many pre-recession markets are not re-emerging in their oid forms, so retailers will not return automatically: their new marketing concepts may no longer harmonise with the old locations," says Mr David Peek of the developers David Peek Associates.

"Retailers must be drawn back into the shopping developments—wooed, enticed, 'incentivised,' call it what you will. In other words, the winning developers are those who go out and find their tenants actively and help to attract business to those tenants' doors," be emphasises.

One reason why some retailers have forsaken tha shopping centres is the limited access for consumers with cars. "The car parking problem in town centres is aimply appalling," says Mr MacLaurin. "All our surveys of consumers show that they don't like multi-storey car parks. They prefer to park at street level."

"Where local authorities have recognised the need for cars for shopping and worked with retailers to improve parking facilities and good access roads, the public continue to prefer to shop in the High Street," says Lord Rayner. "Unfortunately, the response by some local authorities to the needs of the shopping public is inadequate."

The trend to hypermarkets and superstores is revealed by figures prepored by the Unit for Retail Planning Information. It calculates that there are now some 279 such stores in the UK and that 240 of them are superstores and 39 hypermarkets open and trading. In 1978 there were just 146 such stores.

A superstore is defined as a single-level, self-service store selling a wide range of foods or a mixture of foods and non-foods. It must comprise at least 27,000 sq ft of selling space and have car parking. Stores with 54,000 sq ft of selling space or more are commonly referred to as hypermarkeis.

The Unit's figures sbow that over tbe past year a total of 26 new stores were opened and a further 48 stores had received planning permission but were not yet open. It polnts out that the general fall in the number of stores receiving planning permission, with a peak in Marcb, 1980, of 81, indicates a slowing down in the growth rate.

The region with the highest number of planned stores is the south-east, with a total of 12. Four of these are in the Greater London area.

As a result of new developments in the past few years in the south-east—which has long been under-served in respect of superstores—the region now accounts for nearly 20 per cent of the total number of such stores open and tradiog.

"Perbaps the most significant trend is the increase in the number of stores in Greater London, with a total of 11 open and trading at the end of 1983 compared with only five at the eod of 1981," the Unit says.

The Unit's analysis of store openinga under its definitions (which do not always agree with retailers' own definitions and figures) show that Asda has the largest number of stores in this sector, with 71 open at the end of 1983 followed by Tesco with 54.

The Dee Corporation has shown the greatest growth in the number of stores as a result of its acquisition of Key Markets to join with its "Carrefour" and "So-Lo" stores.

Perhaps the most surprising trend identified by the Unit is the fact that no new hypermarkets were opened last year and that the number of hypermarkets with planning permission—five—is significantly less than the 43 superstores with planning permission.

"The trends in this sector suggest that we are less likely to see very large stores of hypermarket proportions being built in the future," it comments.

One of the key factors in superstore development is the granting of planning permission. This, particularly, is the key element in the growth of large stores in the South-east. The stockbrokers Quilter Goodison point out that several factors "bave been responsible for retailers' recent successes in securing planning permission after years of seeming intransigeot resistance from southern local authorities with vested interests in central shopping to protect."

These factors include publication of surveys which sbow that the impact of large stores on local shopping was less than bad been feared, and the Department of the Environment's wisb to encourage a freer planning regime.

Local authorities have also become more aware of the job-creation potential of superstores, while retailers' search for suitable out-of-town sites has been belped sometimes by the closure of redundant factory sites.

Not all retailers, however, are happy with the way they are treated over planning permissions. "An unprecedented number of the appeals we made to the DoE were rejected in 1983, in many cases for reasons which should lie outside the proper exercise of planning control," says Sir John Sainsbury, chairman of J. Sainsbury.

"The function of the planning system is tbe limited one of regulating the use of land in the public interest, not deciding who should compete with wbom or wbetber the public 'need' another supermarket."

### Freedom of choice

Sir John points out that with the adequate protection of tbe environment "the public can only gain from more choice of stores and tbe greater competition thereby generated. Too often, recently, it has appeared that the planning autborities have been concerned with protecting the *status quo* rather than allowing the sbopper freedom of choice.

"After all, it is not the housewife but the trader who loses out if be mistakenly sites a new store when one is not needed."

If, as seems likely, the planning authorities get Sir John's message then the increase in out-of-town storea is set to continue, with 800 or so established by the early 1990s.

Mr John Richards, a senior retail analyst with stockbrokers Capel-Cure Myers, suggests that one key element to the future prospects for shopping ceotres and superstores will depend on Marks and Spencer, which bas for long been the store that most smaller retailers want to he sited close to in the average High Street.

"If Marks move into out-of-town sites it will he interesting to see how maoy retailers will jump on the bandwagoo and follow them," says Mr Richards.

Retailers are having to monitor closely changing lifestyles of consumers

# Superstars show the way

**Retailing trends**

DAVID CHURCHILL

RETAILING IN Britain in the 1980s is probably in a greater state of flux than at any time in recent years.

It is having to come to terms with the effects of the fierce economic recession, changes in the spending habits and lifestyles of consumers, and variations in the number, size and location of stores.

At the same time, the long-running battle between manufacturers and retailers over who has the upper band when it comes to securing discounts bas again become a key issue. The hours that shops are legally entitled to open is also now more of a "live" issue than at any other time since 1950, when the Shops Act came into force.

Analysing the trends in retailing and keeping on top of the changes are the key factors in determining which retailers will rnach the summit by the end of this decade.

The experience of tha past few years, for example, has already seen the emergence of such retailing superstars as Sir Terence Conran, who bas taken advantage of changing trends to expand his retail empire from the relatively small Habitat base to include Mothercare, Heals and Richard Shops.

At the same time he was able lo create the "Next" fashion chain while non-executive chairman of Hepworths.

Mr Rodney Fitch, joint managing director of design consultants Fitch and Co, which bas successfully ridden the retail changes so far, says: "Tha social and economic developments that bave taken place have provided an enormous catalyst for change that is affecting the whole of the Higb Street, which is on the move in a qualitative way unequalled at any other time since the war."

At the beart of all the retailing trends that bave emerged this decade — which retailers have had to monitor closely—is the changing lifestyle of UK consumers. "Once the very basic necessities of lifa have been acquired, what determines the way people spend their money is their lifestyle," says Mr Richard Eassle of the Mintel market researcb group.

"As this lifestyle changes so do the purchasing priorities which decided how the family budget is divided up."

He suggests that influences may be profound, such as the increase in the owner-occupation of homes and its effect on many nther markets. "They may also be obscure, with, for example, the relationship between an increase in the ownership of video recorders and a decrease in visits to pubs," he adds.

### Working women

Factors infinencing changing lifestyle patterns include more working women, who now repreaent some 40 per cent of the work force—up 8 per cent in 20 years—while working men bave fallen 8 per cent in number in the same period. Within the working population, the increased affluence and influence of working women is increasingly significant.

Ona of the greatest social changes that bas taken place in Britain since 1945 bas been the vast increase in car ownership. A survey by Mintel found that among those with a car about three quarters used it for grocery shopping on most or alt occasions. Apart from children and the elderly, people of all ages are beavy users of cars for shopping.

"The shop that is not provided with nearby parking spsce is clearly at a grave disadvantage," comments Mintel.

The class pattern in the survey was much as expected, but it is worth noting that more than 40 per cent of those in the "D" socio-economic class (which includes many manual workers) now shop by car. Geographically, Scotland and Lancasbire are below average, but they also have car-sbopping proportions of more than 40 per cent.

Other relevant factors include tbe decline of the traditional family as a buying unit and the consequent rise of single-parent and single-person households which now represent more than a third of all housebnlds.

Entrance to The Ridings sbopping centre in Wakefield. Greater limitations on space in Britain compared with the U.S. pose their own constraints on design

Mr Fitch also suggests that there is a substantial and significant shift by consumers from "the desire for a better material atandard of living" to "a demand for a better quality of life." Consumers in the 1980s are also increasingly concerned with concepts sucb as personal creativity, conservation of time, convenience, bealth preservation, and nostalgia.

"Today's consumers take a more qualitative, more judgmental, more egocentric view, leading to a society in which people demand more and more tn be treated as individuals wbo look beyond price alone for true value."

Retailers' response to these lifestyles trends is vital. "Tha most successful retailers will be those wbose strategic and organisational concepts reflect either a combination of, or dominance in, one of the following: value, ego-intensive fashion, and convenience," suggests Mr Gerald Horner, a partner in stockbrokers Scrimgeour, Kemp-Gee.

He also argues that retailers will bave to offer greater cboice than at present and that, in order to succeed, "retailers will increasingly have to differentiate and define their position within the overall market." This, he adds, "is regardless of wbether the store is located in tha High Street or off-centre."

Differentiation will take many different forms for retailers. Mr Horner suggests that "for many non-food retailers it will mean greater concentration on depth of assortment of goods at the expense of breadth of assortment.' For food retailers, differentiation will involve offering the consumer "added valoe."

The greatest opportunity for food retailers to achieve this added value is in the fresh produce market and the key criteria for retailers will be the degree of investment in chilled distribution depots and vehicles.

Another aspect of retail differentiation will be tha store environment, with retailers paying increased attention to design, graphics, and tha ways goods are presented. "The impact of these factors bas been seen increasingly in the past three years in speciality stores, particularly clothing stores." says Mr Horner.

"They have already begun to be embraced by 'large surface area' retailers, notably in food, and this trend will continue."

Inevitably, the growth of the multiples in retailing is likely to continue unabated if they bave the resources to offer the consumer the increasing choice now sought. Yet the small store will survive in a different form, largely capitalising on tha convenience and personnel service factors.

There will undoubtedly be further specialisation among the multiples, bowever, as they position themselves carefully in the market and aim at a sharply defined type of customer." By concentrating on identified market sectors, Burton, Next, Harris Queensway, and Habitat, for example, bave done well because they have specialised," says Mr Fitch. "Bnt some retailers bave not reacted to these changing market conditions fast enough."

One increasing trend in the U.S. could also become a significant factor in tha UK. This is so-called "off-price" retailing—whereby customers are offered branded products at consistently lower prices than are to be found elsewhere.

### Opportunity

Unlike conventional discount stores, bowever, the retailers concentrate on the opportunistic buying of end of lines, overruns, and so on. They can therefore offer medium to high quality merchandise at sharply discounted prices while still applying a conventional markup.

# Mixing the right ingredients

**Design**

WILLIAM COCHRANE

RETAIL property design is not just a matter of food courts, water features, wall climbing lifts and a lot of greenery. It starts with local infrastructure, and ideally ends with structures which are both durable and more amenable to alteration than those of the first generation of UK shopping centres.

Bob McKenzie of Edward Erdman puts the British scene into international perspective: "Shaping of shopping centres is constrained in the UK by the fact that we are a small island with a finely grained network of streets, roads and general geography in most town centres."

This, he points out, is in distinct contrast to the U.S. where development tends to take place on open sites which can be contoured and landscaped to facilitate dual level parking, and to avoid the extra vertical dimension of high level or underground servicing — often necessary, and expensively so, in the UK because of tight site conditions.

Erdmans were involved with Grosvenor Developments, as one of the letting agents, to the 300,000 sq ft gross Grafton Centre in Cambridge which was opened last October. The £27m project, developed by Grosvenor in conjunction with Cambridge City Council and Sun Life Assurance, was a close contender in this year's competition for the International Council of Shopping Centres Design Award.

Dick de Broekert, of Grosvenor, agrees with Bob McKenzie that UK shopping centre developers often work in situations which are less than ideal. "We built Cambridge in the awareness that this would not finish the job. That it was a delicate infant at birth and that it would need nursing in the early years," he says.

The location, to the east of the historic centre, was not a prime pitch. "We followed the philosophy that Cambridge allowed for twin centres and that the prime one was not going to be able to expand," states Mr de Broekert.

Access is difficult in many historic towns. But the Grafton's location in the centre of the eastern part of Cambridge allowed it to cater for the 70,000 people who live on that side of the city, compared with 30,000 to the west. "In relative terms it is easier to get to us from three points of the compass than to the historic centre," Mr de Broekert explains.

Grosvenor and its architects, the Fitzroy Robinson Partnership, designed in 1,100 car parking spaces which, in retrospect says Mr de Broekert, have turned out to be ample on weekdays but difficult to get into on Saturdays.

There had been a car park on New Square, between Grafton and the historic centre. Grosvenor grassed it over—nice for the city fathers, but also removing a psychological barrier between the new and historic centres. Further car parking for the area is being considered.

So far, so good. But Mr de Broekert puts that aspect in its place. "Car parking and road access is vital to get tenants but when you have them they are only one of the ingredients," he says.

Some beautiful words have been written about the design features of this project, but the basics were important. David Allen of Erdman comments that "what sets Grafton apart from other developments are high quality finishes, a lot of natural light, and a lot of natural planting. You might see one or two of these in most new schemes, but you rarely see all three," he adds.

### Energy conservation

Mr de Broekert highlights energy conservation. "It costs us up front," he says, "but if it works properly—lights automatically switching off, etc.—it saves on running costs." He notes the tenants' distaste for high service charges and itemises the highest elements in the service charge as security, cleaning and management itself.

Two earlier schemes for this site failed in the early and mid-1970s, the first through recession, the second through lack of funding.

When Grosvenor brought it to the market, Grafton was difficult to let, partly due to its unconventional location, but also because the scheme was marketed during the course of 1982 and early 1983 when retailers were expanding again, but very cautious about it.

However, when Grafton had its Royal opening, there were only two voids adding up to 2,000 sq ft. Grosvenor could promote other aspects of the design—its blend with local architecture, or the "street scene" effect it achieves inside—bnt the interlock between desism and marketing, simole and effective, makes by far the strongest impression.

# Energy costs prove important

**Design Consultants**

WILLIAM COCHRANE

THE CALL for brighter, more entertaining shopping has brought specialist designers to the fore in recent years. Fitch & Co's garden-themed food court at The Ridings, Wakefield, helped Capital & Counties to win the coveted International Council of Shopping Centres design award this year.

Meanwhile, Grosvenor Developments is using Conran Associates on a 100,000 sq ft shopping centre at Bournemouth, and Dick de Broekert of Grosvenor recalls that Conran made its mark right at the outset. "We were going to call it Square One Bournemouth bnt Conran said Garden Square Bournemouth would be a lot better, and it was," be states.

David Ssiter of Conran, bowever, describes a more extensive exercise on the bypermarkets of Sarma Penney, the Belgian arm of JC Penney of the U.S. Within a broad retail range, Sarma Penney bas 18 bypermarkets of 80,000 to 100,000 sq ft in Belgium.

"Sarma was reasonably successful in non-foods," he says, "and less well known for expertise in the food trade. It compounded that by placing its food departments at the back of its stores, on tha proposition that shoppers making regular trips for food would be attracted to the other areas as they passed through.

"Food was dning very badly," says Mr Salter, noting at this point that Edward Whitefield's Management Horizons was also involved in the exercise.

"Our recommendation was that, before anything else was done, food sbould be moved to the front. This was very expensive, given the equipment needed to keep foods fresb or frozen, but tbe company eventually agreed," he says.

For the rest, Conran saw no individual characteristics for separate departments—"nothing to say that Sarma was expert in a particular area or a particular price range." So the designers set about creating, first, an overall store environment by means of floor ceiling and wall finishes and lighting, and secondly individual characteristics for seperate operations as diversa as fish, a garden shop and sportswear.

"We simplified the geograpby, introduced good signs, and as a result the first store made very remarkable improvements in trading in a very depressed economy," says Mr Salter. That exercise, at Ans, near Liege, took e year and was complete by late summer of last year. The intention now is to implement Conran's ideas across the chain.

### Waltham Cross

Architects Sheppard Robson have been involved in shopping centre design for a long time. With Richard Ellis, they completed a covered shopping centre for Electricity Supply Nnminees at Waltham Cross in 1969.

Also with Ellis and ESN they produced a massive scheme — 500,000 sq ft with low rise housing on top — in Wood Green in North London in 1981. A Sheppard partner William Mullens aees cycles in design "Waltham Cross was roofed with some heating and no air conditioning, while Wood Green was the last of a breed, fully air conditioned on the U.S. pattern."

Echoing Grosvenor's Mr da Broekert, be says that people are now looking more carefully at energy costs and their effect on service charges. Sheppard's latest involvement is the 200,000 sq ft Princess Square centre at Bracknell, in Berkshire. "We are basically filleting ont the things which would increase the service charges," says Mr Mullens' partner, Bill Dickson.

On this evidence, the firm is not exactly arty. Mr Dickson glows over flooring in a "bold Italianate kind of piazza pattern, not smoothie materials like marble." Mr Mullens says: "Wa try to avoid third rata sculpture, pools and water features, glycerine running down wires and so on. After you've seen them a coupla of times, they're boring."

Bracknell has been a significantly low cost scheme about £11½m in construction costs. It was also built quickly from scratcb to completion in two years. Aftercare, says Sheppard, should be made easier by external cladding in slate and facing bricks with long durability, and polyester coated aluminium around the glazing.

Sheppard used plaster inside "intrinsically not expensive, we tried to design it to be elegant. You don't have to throw money at a job to give it quality," says Bill Dickson. The development has been bought by tbe Abbey Life Fund.

# Seeking a balance with town centre shops

## Planning

WILLIAM COCHRANE

"THE HOLE in the doughnut" is an American phrase which describes a dead town centre surrounded by an attractive, but peripheral environment. It is not seriouely expected to apply to Western Europe, with its traditionally bustling city centres.

But the threat exists. A new report* from the Unit for Retail Planning Information (URPI) calculates that the number of hypermarkets and superstores open and trading in the UK bas now reached 279, virtually double the number five years ago.

Meanwhile, furniture, other consumer durables like electricals, garden centres and do-it-yourself are going to out or edge-of-town locations; property men are seeking to emulate the success of Hammerson's fashion-oriented Brent Cross centre on London's North Circular Road; and (even) Marks and Spencer is talking about exploring new out-of-centre territory.

Local authority planners have a rigbt and a responsibility to be concerned with this trend. It is fashionable for some retailers to say, perjoratively, that the planners are protecting the status quo—even, say others, the livelihoods of some political worthies who may own shops in the centre. They might do better to encourage the local authorities to provide the amenities, especially good road access and edequate car parking, which would make in-town shopping e sensible proposition.

As it happens, until a month or so ago the pioneers of peripheral retailing, on the hypermarkets and superstores scene, seemed to be settling down to a more ordered life.

Two years ago, Michael J. Breheny of Reading University said in a paper, subsequently published by URPI, that hypermarket and superstore appeal decisions generally appeared to have been going in favour of the applicants. "The burden of proof," he said, "is shifting to the local anthorities. It thus seems likely that areas without hypermarkets or superstores will get them before long."

The latest URPI report, in a commentary on a mass of statistics, notes a general fall in the number of stores with planning permission over recent years. This, it says, "ia indicative of a slowing in tbe rate of increase in the developmant of such stores."

It continues: "The number of hypermarkets with planning permission is low, five for the wbole of the UK, in comparison to the 43 superstores with planning permission. Perhaps most surprising is the fact that no hypermarkets opened in 1983. The trends in this sector suggest that we are less likely to see very large stores of hypermarket proportions being built in the future."

### Easier

On planning, Robin Harding, development co-ordinator for the Asda superstores group, says that things are getting better. "Planning considerations are moving somewhat easier," be says, "and we are having fewer problems than before in obtaining permission."

Mr Harding thinks that the opposition of many authorities was based on their own policy documents, prepared a long time ego and not encompassing the advent of superstores as such. "Now financial bousekeeping has cbanged," be observes, "and in many cases local anthorities are giving permission to themselves."

Against this background, Sir John Sainsbury's latest blast at the planners in mid-June came as something of e surprise. "An unprecedented number of the appeals we made were rejected in 1983," says Sir John, "in many cases for reasons which should lie outside the proper exercise of planning control."

Sainsbury has by far the largest number of developments in the pipeline for a single company, although each Tesco and Asda development tends to be mnch bigger on average. Sainsbury is also said to bave a higb political profile on the planning front, and a penchant for "green belt" applications which are bound to canse it trouble.

More kindly, Robin Harding of Asda reckons that Sainsbury may be the victim of its own success: "It has a lot of smaller stores in the south," he notes. Sainsbury's own annual report says that the company has opened 73 new supermarkets since 1979—on target, despite its planning difficulties—and closed 34 older stores during the same period.

Nigel Franks, Sainsbury's estates director, says that the company, and everyone else in the industry, understands that Environment Secretary Patrick Jenkin is going to protect the green belt to the hilt, "even though a lot of it is not environmentally pleasant."

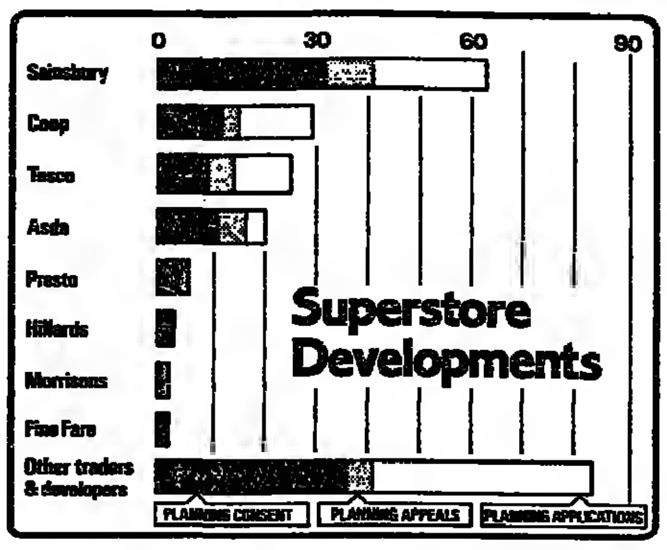
"More often than not," he maintains, "our problem sites are not in the green belt. Neither do we believe that the speed and success rate of getting planning consents is wholly determined by the stores we already have in the area, whether or not we intend to close them."

He takes the Asda argument on planning history a stage further. "Although most local authorities have now made some provision for a superstore," he says, "having written that into the plan they now feel safe; arguments for two or three superstores in a given area are just as difficult as ever to establish.

"On the south coast," he says, "we were told that because superstores already existed within 15 to 20 miles, that was enough. Sainsbury thinks that a free standing store out of London may pull drivers from as far as 20 minutes' driving time away. But that is a maximum.

"We are also finding planning permission technically more onerous to comply with," he said, "sometimes for sensible reasons, sometimes not." Sensible would include a bar on delivering goods before 7.00 am; less so the condition that it should keep its store closed till 9.00 am, giving other stores which open at 8.00 am a competitive edge.

Sainsbury is clearly in a big burry. Marks and Spencer will not be. Two generations with top shopping agents Healey and Baker encapsulate the M and S attitude to the out of town idea. Paul Orchard-Lisle of Healey and Baker says that an M and S move clearly asks questions about town centre retailing; his uncle, Aubrey, still an active consultant to H and B, says wisely that M and S bas a massive in-town property portfolio, and is unlikely to do anything to damage it.




M and S director Peter Spriddell concurs. "We would do it very delicately," be says; "the idea is to supplemeot, rather than be directiy opposed to our town centre shopping.

"The Americans went too far, too fast in out of town sbopping," he states, "and they are now redressing the balance. It is now emerging thst a lot depends on parking, access, leisure facilities and the genersl sttractiveness of a town."

### Complex

M and S may prefer to stay where it is in traditional high streets, rather than go into enclosed sbopping centres. It has taken that view in Glasgow, and Peterborough. It is certainly unlikely to jump on anyone else's bandwagon.

M and S apart, are retailers suited to property development? Given the increasing complexity of schemes, even out of town, one begins to wonder.

What would a retail developer bave made of Aberdeen's George Street srea? There, Dutcb-based developer Bredero has persevered for over a decade, and only now does it look like getting something off the ground.

Bredero's Sandy Cook, bssed in Aberdeen, takes up the story. "We were appointed developers in 1973, before the reorganisation of the former Aberdeen City Council," be says. "Then government cotbacks got in the way and the local authority could not afford to implement compulsory purchase orders."

In 1978, Bredero put forward a proposal that it would finance the land acquisitions, and transfer ownersbip to the city in return for a 150 year lease. In 1979, Bredero and the city signed a deal.

About bere, the Wordie Property Company, owning two acres of the site, put in objections to the Bredero scheme—and its own planning application. Both were heard in mid-1980 and in the spring of 1981 the Secretary of State for Scotland epproved the Bredero scheme.

Wordie then went to the Court of Session, made an objection wbicb was sustained and the process dragged on until last year wben Bredero and Wordie began to find common ground. This February Bredero reported bsck beads of sgreement with Wordie, the latter to provide the lsnd it owns, to pass on to the city, and to be regarded as s partial funder.

Bredero and its partners could now be looking four years ebead to 230,000 sq ft of total shopping (down from 320,000 sq ft originally) on a 9.85 acre site. There should be 1,100 car park spaces—"a godsend in Aberdeen," says Sandy Cook—and 25,000 sq ft of offices, down from 90,000. The offices will bave 250 car spaces which will be evailable to sbopper on Saturday, Sundsy or late Thursday evening.

Any number of morals could be drawn out of this story. The effort Bredero put into the Aberdeen scheme, wbere there are already two enclosed centres under construction—GUS's 120,000 sq ft in St Nicboles Street, and Norwich Union's 176,000 Trinity Centre—suggests that there is a long way to go before town centre shopping comes under any real threat in this country.

*1984 list of UK Hypermarkets and Superstores, published by the Unit for Retail Planning Information Limited, 26, Queen Victoria Street, Reading RG1 1TG. Tel: 0734 588181.*

A race to satisfy market needs

# Cost of sites rising

FOR THE property world, the rise of peripheral, large-scale shopping units is happening too fast for comfort. Competition for sites is making them expensive, and institutional interest is in the embryo stage. But the experience of one specialist developer, and one major retailer developer suggests that there is a lot more action to come.

Building out or edge-of-town atores for a living is an exercise in expertise, according to Peter Jevans, managing director of Peel Investments, the retail development company of Peel Holdings, which bas developed 17 units in the past two or three years and retained 15 for its own investment portfolio.

That 15 includes single tenancies for Sainsbury (although this covers both food and the Homebaae operatioo), Safeway, Asda and Presto, four B and Q (Woolworth's DIY offshoot) stores, five W. H. Smith Do-It-All (again DIY) and three MFI furniture stores.

Peel has about 10 more developments in the pipeline. A company which once had north-western multi-storey mills, its main assets are now 65 per cent modern retailing, says Mr Jevans.

"Different people go for different sizes," be says. "Asda and Tesco can trade 60,000 to 90,000 sq ft themselves; next comes Sainsbury, with a 25,000 sq ft net food requirement, and options upwards for its Sava-Centre (jointly owned with Britisb Home Stores) and Homebase outlets.

Safewsy and Waltrose, also concentrating on food can get by with 15,000 to 25,000 sq ft and perbeps be nearer town with multi-storey or rooftop parking. "International Stores, say 10,000 to 20,000 sq ft, will head for a town which can't justify a superstore, like a market town with 15,000 people," says Mr Jevans.

These, be emphasises, are generalisations, impressions gained from trying to provide what the market needs. "We take exactly the same approach as the retailer," he says, "but we are looking for all retail, rsther than one category."

"Peel's method is to start with a town area, for instance, Warrington," says Mr Jevans, "with a new sbopping centre but not one good food store with surface car parking. We would survey the town, find the right site, approacb the owner and try to buy it."

"Suppose we found a run-down, 75-year-old factory site, worthless (or worth £200,000 at best) in its present form but which could be valued at £1.75m as a superstore site. We would then say to the owner that we will give him that £1.75m if we get planning consent. We won't go in, pay £1m and bope that we get permission, like some retailers do."

Mr Jevans concedes that Asda, Sainsbury and Safeway are all good at this game. "But we're more motivated," he says, "partly because the three important people doing this for Peel all have equity in the business." He also thinks that having three separate offices for the finders — in Wimbledon, Blackburn and in Rocbdale — takes off some of the travelling strain in a bigh mileage business.

## Development

WILLIAM COCHRANE

As a game, bowever, conventional superstores may be running out of fun. "In food," says Mr Jevans, "everyone knows wbere everybody wants to be." It is worth remembering that the bulk of Peel's developments bave been in non-food.

"We went to Swindon," he recalls, "and there wss a very good Carrefour superstore there." Word bas it that Sainsbury went for another store on the other side of town, logically enough, but got caught in the planning net. "What was missing was DIY and pre-packed furniture. We found a site, developed it, and sold it to MFI."

Out of town retailers are beginning to group together. The end game, according to Mr Jevans, would be DIY, furniture, a garden centre, electricals, carpets and furnishings (duvets, curtains, sbeets and so on) on one site. "But with that," be says, "you would have to bave a 1,000 space car park, worries for the town centre and a major planning battle."

Asda's development profile, as produced by development co-ordinator Robin Harding, takes things a stage further. A significant part of its £100m-plus development programme this year relates to fitting out its stores.

All of its stores are subject to a refurbishment cycle of roughly three years, and this forms a third strand of Asda's investment.

While Asda will consider what Peel and other developers have to offer it prefers a freebold purchase. It funds its developments internally and sale and leaseback arrangements, popular wilh some retailers, do not come into its thinking.

By implication, many of the people involved in this out-of-centre retailing phenomenon must think that its development cycle will bave a short, and torrid life. The temptation to find sbort cuts to growth and subsequent prosperity must be bard to resist.

The conventional short cut for Peel, as a relatively new developer, would be to sell a bigh proportion of its developments, fatten up the profits, sell on the stock market on the basis of those profits and eveotually translate its earning power into assets—possibly via the take-over market. That route is not yet open.

Peer Jevans sets the scene: "Non-food companies don't want to spend moncy on a building, they don't need to do so. As for food companies, they react to the planners and try to producc something which looks better but they still need a big box in the eod."

"Nobody wants to put in windows," retailers cannot slack goods against them. Tbe planners, quite reasonably, want windows and, perhaps a little sadly we build lo dummy windows. "To build a 40,000 sq ft MFI takes six months from start to opening . . . incredible, really . . . it takes that long to build one unit bouse."

"These buildings," be says, "are unacceptable to property investors." In the development market, this gives a tremendous advantage to the cash rich groups like Asda and Sainsbury.

"There is no way that a £6m building cost can be reflected in rentals," says Mr Jevans. "The only way is for the retailer/developer to write off £2m or £3m of it in a long-term sinking fund."

Going down in size, he says that Peel could sell a 25,000 to 30,000 sq ft superstore to an institution — "not at prime yield, we would never be able to sell at better than 7 to 7½ per cent."

So, mostly, Peel bas to bold on. This has not been too painful for rents have nearly doubled in the past three years.

## Hypermarkets and Shopping Centres 4

Four success stories in the field of retail and commercial developments. Reports by William Cochrane

# Norwich Union plays it cool

THE NORWICH Union Insurance Group, biggest shopping developer in the country in 1982-83 according to the latest Hillier Parker shopping centres report, does not exactly make a lot of noise about its role in retailing.

Its UK property fund adds up to £1½bn of which commercial investments, which inrlude all shops, offires and new developments, is in the order of 85 per cent of the total.

It does not pick out shops aloue—many ol its investments are composite, involving shops and offices, shops and flats etc. Its attitudes to the latest fashions in shopping reutre design and content are relatively wary, as brfits a long-term investing institution.

Yet Norwich Union does make things happen. Grapevine reports of a rental growth survey by Healey and Baker pnt Bexleyheath at the top of the rental growth table. Norwich Union has just finished the 400,000 sq ft Broadway Shopping Centre in the town, and its ottreetion of Marks and Spencer as an anrbor tenant has done a lot for the status of local shopping.

## Fully let

*Also* recently finished, the Palace Gardens at Enfield in North Londen was fully let within 12 months of completion, according to Norwich Union's rhief estates manager, Martin Olley. On the way are phase two of Basildon's Eastgatr Centre, the ceutral area of Redhill, The Trinity Centre in Aherdeen and yet another in Buxtou in Derbyshire.

Mr Olley says that NU is also knitting together the ceutral area of Hereford, and looking at a refurbisment in Gloucester. "Refurbishment is very important," he says. "Wherever we have a centre which needs it, we will do it. We will also consider huying centres which need renovation."

One senses an npraised eyebrow when Mr Olley is asked to talk about specialisation, the roncepts which new eentres are increasingly being giveu to distinguish them from their competitors.

These includr fashion orientation, food courts and so on. "We've not gone in for wheezes to date," says Mr Olley. "We still think thst it is fairly important to get strong anchor tenants.

He will say that Redhill, hy virtue ef its anchor—a 50,000 sq ft superstore for Sainshury—has become food-orientated. "We incorporoted substantial car parking, redesigned around Sainshury's requirements—either ground floor or basement spaces," he says.

In Bexleyheath, Marks & Spenrer camo in with one large store next to Woolworths. This was so successful that it opened another big nnit across the mall. The size of M & S and the presence of British Home Stores in Bexleyheath mrans there is now a certain fashion orientation ahout this centre.

Norwich Union's philosophy, however, is the good old one ol putting the centre in the right place, giving it the right ingredients and—with institutional emphasis—building to e really good standard. "We retain our properties long-term," says Mr Olley, "and on this hasis we will have neither short- nor long-term worries."

# Asda just keeps on growing

ASDA, the superstores arm of the Associated Dairies Group, came serond to Norwich Union iu Hillier Parker's league table of top retail developers this February.

It has 95 completed retail outlets, eight npeuing in this financial year (two of those being -replacements) and another three under ronstruction. But it still sees pleuty of scope for growth.

Director of eorporate planning Paul Dowling ralculates that superstores north of o line between Bristol and the Wash are in e 2:1 ratio with those in the South against a consumer spending ratio of 50:50. Asda, with its Northern base, has a present north/south ratio of 3:1.

The rompany's current development programme is over £100m for 1984-85, exceeding that of last year, says development coordinator Robiu Harding. It goes for a minimum of 40,000 sq ft of net selling space, net of associated shop units and garden centres. An optimum of around 45,000 sq ft allews for full coverage of food and nonfood lines according to Asde's new managing director, John Harding.

Asde's new complex et Wakefield, opened toward the end of last year has a gross area of 89,000 sq ft. Like many of the new superstore generatiou it has a pleasant exterior and a nononsense interior which, with foods especially, is enlivened simply hy the presentation of the goods.

## In-store bakery

The in-store bakery smells good. Delicatessen, fresh food and the garden centre look good. There is an unfinished look, as yet, about non-foods. Asda got together with three designers—Fitch, Conran and Wolff Olins—on the gardeu centre, soft goods and catering respectively, and it is now facing the need to make an impact with electricals (helped by Fitch) without overshadowing the foods section.

Further south, Asda sometimes has to compromise with the planners. Externally very attractive, its new store at High Wycombe is 10,000 sq ft smaller than it would ideally want, says John Harding, and certainly has a lot less parking than the company needs right alongside the A40.

Asda contends that by far the majority of its customers live less than 10 minutes driving time away from its stores; supporting that contention it is aiming to increase its rate of development to 12 new stores a year or 1m sq ft gross, and huild more urban developmrnts like those it has in Warrington, Stockport, and Becton and the Isle of Dogs in East London.

It is impatient with the conservationists out of town, and those who say that there is not enough urban land to produce adequate sites for modern retailiug with its surface car parking requirements.

"The lack of land is a myth," says Rohiu Harding. "There are 7,500 acres of derelict land in the GLC area. We would have no problem in finding land, or funding development at the back of Kings Cross, London, for example," he says. "The problem has beeu planning."

Asda's new stere at High Wyrombe, Bucks. Planning rompromises resulted in the stare being built smaller and with less parking space than the company wanted. Asda reckons that the majority of its customers live less than 10 minutes' drive from its stores and wants to build more urban developments te suit this market, believing that the "lack of urban land" is a myth

# Arndale seeks better flow down the mall

ARNDALE CENTRES are sometimes criticised for being out of date, or worse. But those which are attacked on these grounds have usually passed out of the company's hands to other owners who have mismanaged them, or let them run down, points out Mr Ian Hillas from the Manchester office of agents Grimley & Sons.

The Manchester centre of Arndale, an offshoot of Town & City, covers 1.25m sq ft (plus 200,000 sq ft of offices). It is bigger than the giant "shopper's paradise" in Milton Keynes, and was the biggest in Europe when it was built at the end of the 1970s.

Town and City let it all in 1979, but had the odd problem with the first rent reviews. So it set up Arndale Shopping Centres to promote Manchester and its other centres.

"The Manchester scheme itself is probably a shade too big," says Arndale's senior surveyor Mr Phil Cooke. "Unlike Eldon Square (Capital & Counties' highly successful Newcastle juggernaut) it has satellite competition from more than 10 surrounding towns including Bolton, Bury, Oldham and Rochdale."

With a catchment area of a 3m population, Arndale Manchester still attracts between 800,000 and 1¼m shoppers a week. "The feasibility of the original scheme was dependent on getting just over 600,000," says Mr Cooke.

## Food court

"The percentage of empty shops is not high," he states. "We have 200 units of which 14 are in liquidation, and there are still seven units to let on the upper level of phase three."

Arndale is aiming to put a modified food court into the centre, as well as spending about £350,000 on the Halle Mall. This is a phase one refurbishment with the introduction of natural light into the upper level and high density planting.

On the lower level Mr Cooke is aiming for a "Parisian" effect. "We are concentrating on this level," he says. "In the 1981 recession when more shops went into liquidation, this level was the worst hit; but on the back of the refurbishment we think that we will let a lot of units.

"We have our own marketing personnel, active public relations and marketing consultants but 1¼m people a week is as much as we can handle," he says. "What we have to turn our minds to is the distribution of those people through the malls." Arndale Manchester, curiously, gets more people on the first floor than it does on the ground.

# Brown Bear finds the right pattern

MARCH of this year brought Richard Northcott back to the City of London, as the former boss of Dodge City raised £3m hy way of e private placiug though Lazard Bros. and brokers Laing & Cruirkshank to fund the development nf 15 new home furnishing superstores, called Brown Bear.

Mr Northcott built up a rhain of 34 Dodge City do-it-yourself superstores whirh he sold to the B & Q division of F. W. Woolworth for £20.1m in November 1981.

David Wright, of Leeds-hased chartered surveyors Weatherall Hullis & Gale, played a major role in site finding and organising the expansion of Dodge City, and the firm has now been fully retained for Brown Bear's forthcoming expansion.

Mr Wright is now a director of Brown Bear. He joined Richard Northcott in 1976 wheu there were eight Dodge City stores, "typically industrial estate units—sheds—with retail planning consent.

## Upgrading

He explains that a five-year upgrading took in tiled floors —"we followed Sainsbury's tiling to some extent"—shopfitting improvements to achieve better display, small play areas and a tea or roffee room. "We had garden ceutres, and we would take part of a greenhouse and put in a coffee shop," he says, noting thet the volume in DIY is much greater than in furniture.

"By 1981 we had become a hig business very much run by systems," says Mr Wright.

Brown Bear had already heen started, since it was beginning to look couvenient in property terms to put furniture and DIY together. But when Dodge City was sold, Mr Northcott and Mr Wright had to think again.

"You can get 60,000 to 70,000 lines in a 40,000 sq ft DIY store," says Mr Wright. Furniture is more bulky, obviously, and in the late 1970s Brown Bear team was looking lor 80,000 to 100,000 sq ft units. "That was not the way," explains Mr Wright. "the customers liked 40,000 sq ft stores, apparently, and more of them."

Mr Wright remembers the Dodge City store at Darnley, Glasgow, as the ideal set up: 40,000 square feet and o 25,000 sq ft garden centre, between 200 and 300 car parking spaces with Brown Bear alongside, making 320,000 sq ft in all. "In furniture, you need only 70 to 80 car parking spaces," he says; "in DIY you need all you can get."

The group had three Brown Bear stores ot the time of the Dodge City takeover and two under construction as part of Dodge City/Brown Bear packages. "Out of town shopping had shifted to the habits of the High Street by then,' 'says Mr Wright. "At the beginning individual stores were free standing; later they began to group together.

"We tend to locate edjoining or adjacent to other complementary retailers," he says, "Except where Brown Bear leads the way. And yes, of course, we would go on the same site as MFI or Queensway—when customers see our furniture, they will buy," maintains Mr Wright, standing up manfully to the jibe that Brown Bear's market stance is too up-market for its out of town setting.

Mr Wright tends to be complimentary, and not just to Sainsbury, when he talks about other people. "We took two city centre shops, one in Bath and one in Edinburgh, to see if it was better than being out of town. But we made a lot of mistakes (aiming at being an up-market Habitat). What we forgot was it took ten years for Sir Tereuce Conran to get Habitat on the road.

"We stayed with our penchant for colour and design," he continues, "and moved into middle market products. We also tried a whole range of home products including plates, knives and forks—we learned our lesson there."

## Model store

In September of last year the concept started to come right. "We had one model store et Darnley with all the right ideas in; our sales figures jumped. We are now putting all of our existing stores on to that pattern."

All minus two that is. Brown Bear has eight stores, hut the two town centre outlets will be closed. The company expects to open 15 more stores before December of next year.

Wearing his property hat, Mr Wright says that Brown Bear is trying to keep its acquisition and site costs down. Weatherall Hollis and Gale ean convert developments into leasebacks, Brown Bear paying back rents at generally 125 or 150 per cent of warehousing levels.

In some instances, institutions are looking to protect themselves in case the property falls back into the industrial market from its quasi-retail position. The company is, however, else discussing n turnover rent proposition with one funder.

A security investigator supervises the closed-circuit television scanners inside a store. The operators can take control of any camera to zoom-in on any suspicious activity and alert store detectives

# Ways to beat shoplifting

**Security**

DAVID CHURCHILL

SECURITY IS a growing problem for the retail trade, given tha high volume of goods aold each day and the vast numbers of customers who have ease of access to goods on display in stores.

For hypermarkets and superstores as well as small retailers within shopping centres and malls, the problems are magnified by the sheer scale of the operation and, especially in shopping centres, by thair vulnerability to vandalism outside opening bours.

The aize of tha retail theft problem is difficult to gauga accurately since not all thefts are discovered quickly or reported to the police.

Official figures give the number of reported shoplifting offences in 1982 at 242,000, involving goods to the value of £7.6m. Of these, 213,000 offences were eleared np and goods worth £2.5m recovered.

These figures, however, are generally regarded as understating the losses, which some estimates suggest cost stores more than £1.5bn a year. This is tha equivalent of a Great Train Robbery every day of tha year.

Hitherto, retailers have tended to pass on their losses from shoplifting to their customers in the form of higher prices. But the fierce competition caused by the recession has limited this as an option and encouraged shops to make new efforts to curb theft losses, cspecially by means of new technology.

A recent National Economic Dvelopment Office report predicted that "prevention systems are likely to increase." It added that "businesses, especially in the non-food sector, will probably use electronic surveillance increasingly, coupled with sensitised tags which, if not removed from the purchase at the cash point, will trigger off an audible alarm."

Mintel market research group also estimates that about 40 per cent of retail losses occurs through simple error—such as the mislaying of goods in transit or incorrect paperwork—with the remaining 60 per cent split between theft by customers and employees.

Other estimates suggest that the number of thefts by employees was less than 10 per cent of those committed by shoplifters, but the value of goods stolen was more than doubla.

## 'Shrinkage' losses

The security group SM estimates that retailers' losses from "shrinkage"—the euphemism used to denote theft by employees and customers but including breakages—averages obout 3 per cent of annual turnover for shops. For some types of store, such as "young fashion" shops where premises may be small and full of bustle and noise, shrinkage may be as high as 6 to 12 per cent.

A fashion shop in a Manchester shopping centre lost an average of 80 garments a month—between 3 or 4 per cent of sales—between Septamber 1982 and August 1983. At retail prices this meant a shrinkage of about £1,300 a month.

There can be little doubt that in the UK the growth of self-service marketing has made shoplifting easier. Putting umbrellas next to the door on a rainy day because that ia where they sell best is perhaps good sales practice, but it is poor security. Yet thefts have to become quite serious before many retailers decide to move the umbrellas away from the door.

In addition, the growth of store groups and multipla chains has persuaded some shoplifters to "rationalise" aod "excuse" their own crime when they steal from a large impersonal retail group rather than an individual ahopkeeper.

There is no such person as a typical shoplifter, according to security experts. They tend to come from all walks of life, says one security consultant, and include "army officers, nuns, nurses, teachers, and airline stewardesses, for example."

Other experts suggest that few shoplifters bother with devices such aa concealed pockets and false-bottomed shopping bags. Most of them rely on working quickly, using a moment's inattantion by staff to allow them to slip an article into a pocket or bag.

Retailers were accused recently of failing to take adequate steps to deter shoplifting. "The extent to which shops take steps to prevent theft varies greatly and tha desire to make goods accessible and attractive to customers can outweigh the need for security measures to reduce shoplifting," argued Mrs Vivien Stern, director of the National Association for the Care Resettlement of Offenders.

In a briefing paper published by the association, she asserted that shops have a moral obligation to take reasonable steps to deter the professional shoplifter, discourage the impulsive thief, and protect the honest but absent-minded shopper.

## Elderly pilferers

But rigid policies, she added, failed to distinguish between the deliberate shoplifter and the confused and probably elderly pilferer. In some cases all that might be needed was an official or informal police caution.

One significant development by retailers has been the creation of anti-theft groups throughout the country and especially in shopping centres. The Association for the Prevention of Theft in Shops, with the assistance of crime prevention officers, has played an active part in this development and continued to co-operate and liaise with the groups.

A particularly successful aspect of most group's work has been the early warning schemes which alert shopowners to the presence of shoplifters in their area and have helped to reduce theft losses and cheque and credit card frauds.

An anti-theft group in Brighton, for example, has launched a two-way radio network which, it says, has already helped to catch shoplifters.

Retailers now spend more than £150m a year on security equipment to prevent shoplifting and that figure is certain to grow as new systems are brought in.

Mirrors are among the cheapest security devices and are often essential to enable sales staff to keep a watch on all corners of a store. A static convex mirror about 2 ft in diameter is likely to cost around £50.

Clusters of three mirrors forming a central unit cost well under £200. A monitoring unit—a mirror moved constantly in an arc by a small electric motor—would cost about £130.

Observation mirrors (a mirror from one direction and a window from the other) are in common use and can be either recognised as such—thus acting as a deterrent—or appear to the shopper as an ordinary mirror.

A more advanced observation system is nrovided by closed-circuit television scanning where a simple package of camera and monitor (a waterproof housing can be used outside) may cost about £350 or be leased for under £4 a week.

Clothing retailers, especially in women's fashions, are increasingly adopting the system of tag security first devoloped in the U.S.

Under the tag system each garment carries a plastic strip of varying sizes and thicknesses which is removed by the salesperson at the cash point. If they are not removed the tags set off an electronic alarm near each store exit.

One of the fastest-growing areas of concern results from cheque and credit card frauds. Security consultants recommend the use of strict procedures by retailers when customers pay by these means instead of cash.

With the massive expansion of consumer banking and credit facilities now expected, however, the problem is likely to become much worse before retailers will be forced to take effective action against people intent on fraud.

Superstores plan heavy investment in laser scanning of purchases

# Electronics at the checkout

**Technology**

DAVID CHURCHILL

HYPERMARKETS and superstores are expected to lead the fiald in introducing new checkout technology over the next five years, according to a new report on retailing methods.

Nearly 60 per cent of all checkouts in superstores and hypermarkets are to be fitted out with new laser-scanning electronic equipment over the next five years—about 11,000 new systems.

The report, called Electronics in Large Stores and published by Post News, auggests that big-store retailers will spend nearly £200m on electronic systems over the next five years, though not all large stores are as enthusiastic as the hypermarkets and superstores.

Department stores, for example, are unlikely to equip more than 20 per cent of their checkouts with any kind of scanning device, but they are willing to instal relatively advanced electronic point-of-sale quipment which does not include laser-scanning.

Hypermarkets and superstores—apart from their readiness to introduce checkout scanning—are also forecast to equip over 30 per cent of their checkouts with advanced electronic cash registers or point-of-sale terminals within two years and over 80 per cent of them within five years.

It is clear, therefore, that the promised electronic revolution in retailing—which has been on the cards for aome years—will be most widely felt in the hypermarkets and superstores.

The electronic revolution at the checkout is seen by many retailers as offering as potentially large benefits as the introduction of self-service atores in the 1950s and 1960s. What the new technology offers is the ability to capture and process the retail transaction data more economically, efficiently and comprehensively than ever before.

The crucial importance of the new technology can be seen against the high labour and capital intensity of retailing: rising direct costs for opening and running stores have made retailers even more aware of the need for the efficient use of resources and the parts that new computer technology can play.

Proper analysis of store data should lead to improved buying and merchandising decisions by management and the streamlining of non-sales functions within the store.

## Management data

The benefits of new technology can vary widely. The ability of the data-capture system to track accurately and speedily the sales of every item, and then relate this to the stock position, improves the quality of management information.

For the first time top managers can bava a complete picture of the operations throughout individual stores as well as the entire group.

Accurate recording of all stock and sales should improve management control of every aspect of purchasing, merchandising and store space allocation. With the rate of sale known, stock levels can be adjusted more accurately and, eventually, a lower average stock level maintained, thus making the most of the working capital and saving interest charges.

Stores are also better able to control their product ranges, thus reducing out-of-stock items and scheduling more efficiently both staff and stocks.

The key to retail automation in superstores and hypermarkets has been the advent of laser-scanning checkouts, which have been in widespread use in the U.S. and on the Continent for several years, though their introduction into the UK has been much slower. They are most useful in food retailing, which is characterised by the high volume, wide variety and speed of the transactions.

Laser-scanning systems are based on the bar codes now printed on over 70 per cent (by volume) of all packaged grocery items. These bar codes are built up of black lines of varying thickness which represent a 13-digit number unique to each product.

Each number identifies the manufacturer and gives full details of the product, including its size and weight.

The numbers are allocated by a central body called the Article Number Association, which has reserves of about 10bn numbers available to identify individual products.

When the checkout cashier passes the bar code printed on each item over a low-power laser beam built into the checkout the information is "read" by the laser and transmitted to an in-store computer linking all the checkouts.

The store's current price for an item is then fed back to the checkout operator by the computer and is shown, together with a description of the item, on a visual display unit next to the cash register. At the same time the information is printed automatically on the till receipt which shows both the name of the item and its price.

As this process takes only a fraction of a second, and because the cashier does not have to key in prices manually, the whole checkout procedure is likely to be both faster and more accurate than with conventional checkout systems.

The laser-scanning system not only operates at the checkout, for goods brought into the store can be scanned on arrival and the information recorded by in-store computer. When the purchases are scanned later at the checkout the computer automatically registers the stock depletion and is thus able to alert the management to actual or impending shortages.

Although such scanning systems have been in widespread use overseas, their introduction into the UK has taken longer than expected, partly due to the lack of bar-code data being printed on a high enough volume of products and partly because of the reluctance of some managements to suffer the consequences of being first in the field with new technology.

Instead, there has been a tendency to "wait and see" and a desire to learn from competitors' mistakes.

Another brake on the introduction of such systems has been the incompatibility between retailers' main-frame computers and individual scanning installations. In the U.S., IBM mainframes are dominant, but in the UK there is a much greater diversity of mainframe hardware, operating systems and transmission carriers.

## Flexibility

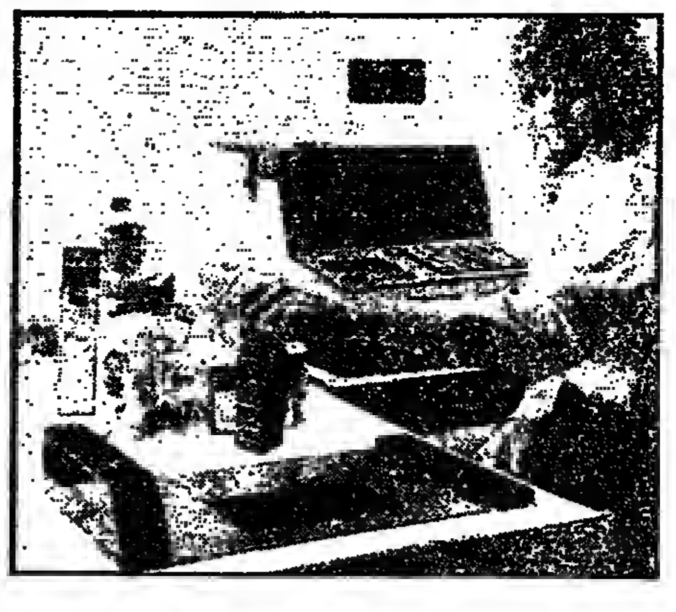
The Hugin Group, one of the major companies supplying electronic point-of-sale systems, has developed a software package called POSTMAN (point of sale terminal management) which is expected to be launched this month. It will, it is claimed, allow greater flexibility between different mainframe and operating systems.

The Article Number Association reports that there are now some 131 scanning stores in operation in the UK, with Tesco the largest single operator. But Nielsen market research reveals that in the U.S. there are some 7,700 scanning stores, in Japan 2,500, and in France 155.

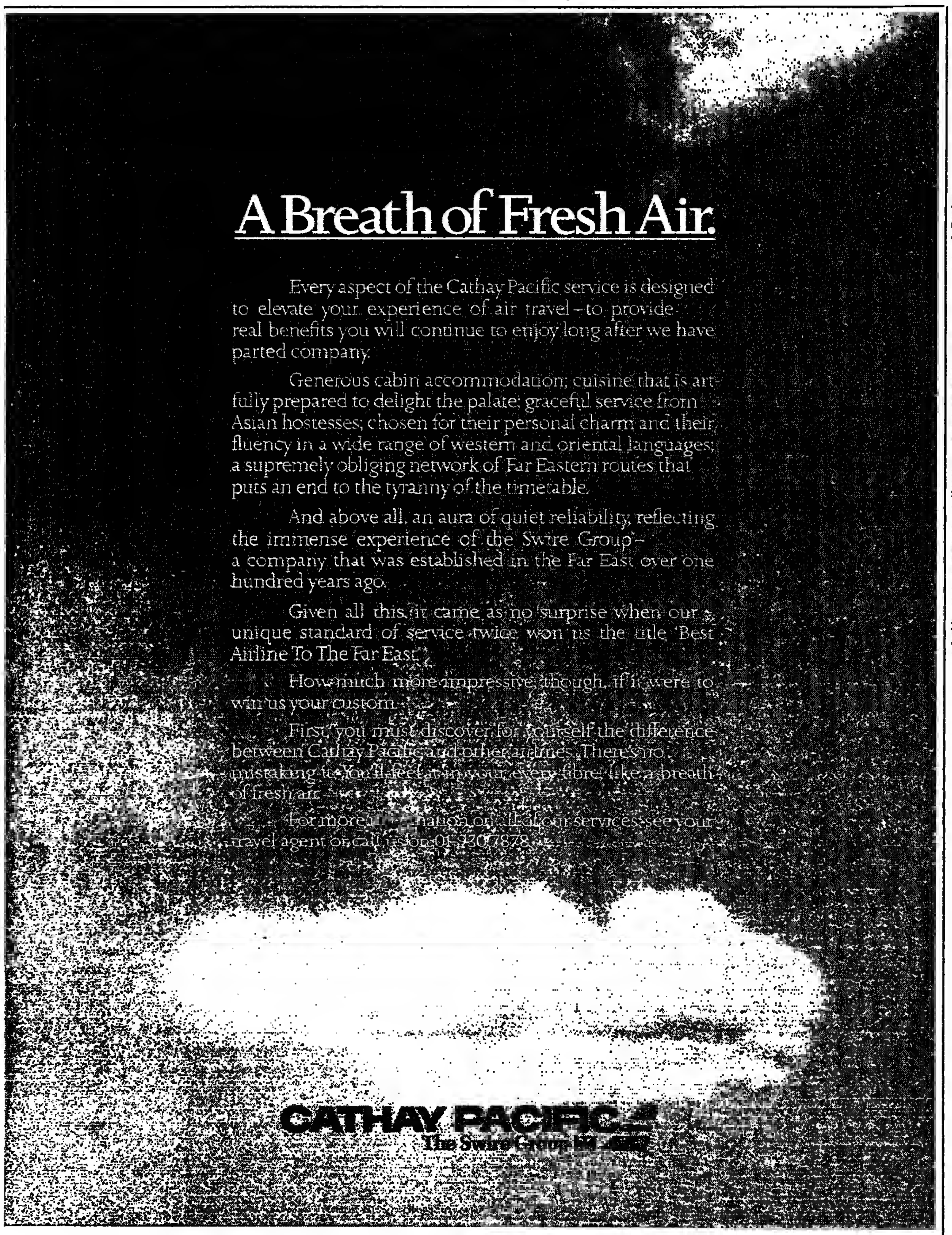
A recent report by the Economist Intelligence Unit on scanning and other electronic point-of-sale systems suggests that the attractiveness of new technology to large-store retailers is increasing all the time.

The advantages include "a fall in prices in real terms, increased flexibility, greater solid state memory and processing capability within the terminal, and improved communications capability," the EIU report says.

The EIU believes that the pace of installation is likely to pick up by the late 1980s "when a significant proportion of large outlets will have introduced point-of-sale systems and streamlined their operations. Their experience should begin to percolate down to smaller outlets and exert competitive pressures which in turn could generate fears of being left behind."



**Check-out girl using a laser-scan till. The new technology enables retailers to use the data from retail sales much more efficiently and comprehensively than before, and sales can be related much more closely to stocks and store room space**




# UK COMPANY NEWS

## Buoyant Brook St. resumes interims

WITH A £570,000 turnround in taxable profit to lift the result for the half year above the £436,659 achieved in the last full financial period, the directors of Brook Street Bureau feel able to restore interim dividends, last paid in 1980.

The present payment is 1p net per share, still below the level of four years ago, but in line with end-of-year forecasts of a "significantly higher" dividend for 1984. The total last time was 1p.

The taxable surplus for the six months to June 30 was £439,253, against a loss £130,634, and it follows on from the improvement under way in the last second half, when there was a profit of £567,293.

Mr Eric Hurst, the joint chairman, said in his annual statement that there was continuing and growing demand in the company's market — the group is a clerical and administrative staff agency — and he now says that levels of business are buoyant. Turnover rose by 37 per cent from £6.95m to £9.52m, having stood at £15.5m for 1983.

He adds that profits are continuing to grow satisfactorily, and he anticipates a good second half result.

The group is expanding its established business by opening new branches in areas where there is a strong demand for skilled staff, and at the same time extending its range of recruitment services.

The tax charge, including £6,977 for U.S. tax, was substantially higher this time at £141,344 (£317) to leave the attributable figure in the black at £297,909 (loss £130,951). The dividend accounts for £103,394 (nil) enabling the company to retain profits of £194,515 (deficit £130,951).

Earnings per share are quoted as 2.88p against a 1.27p loss.

Margery and Eric Hurst, joint chiefs of Brook Street Bureau.

**• comment**

Brook Street Bureau is moving from a recovery to an expansion tack with its plans to open another 10 to 15 offices by this time next year. This may look like ad hoc management in view of its rapid expansion during the 1970s and the recent halving of the number of outlets to 100. But this time, the agency promises that its physical growth is backed by more sophisticated market research to direct it towards the brave new high-tech industries of the south-west. Allied to this, the proportion of general secretarial placements is gradually declining from its present 70 per cent of turnover as Brook Street's new legal and wordprocessing divisions become established. The shift towards higher margin specialist business should continue as plans to move into computer and accountancy personnel bear fruit. Meanwhile, it looks as if the group is carving out a useful niche in temporary staff to service stock market flotations, including lucrative privatisations. Pre-tax profits should recover towards their 1980 level of £1.3m for the full year, leaving the shares, unchanged at 75p, looking more reasonably valued than at the turn of the year on an earnings multiple of almost 11.

## Sharpe & Fisher up 35% and set for record

INCREASES IN both builders' merchanting and DIY sectors of Sharpe & Fisher pushed pre-tax profits up 35 per cent to £779,000 for the first half of 1984, against £575,000. Although they say it will be difficult to maintain the same rate of increase in the second half, the directors anticipate that final results will show a good advance over the £1.85m for 1983.

Sales for the six months expanded from £19.68m to £23.37m and were split between merchanting £15.67m (£13.96m) and DIY £7.7m (£5.71m). The pre-tax figure was split between the two divisions as £399,000 (£262,000) and £380,000 (£313,000) respectively.

After corporation tax of £312,000, compared with £167,000 earnings per 25p share were 2.4p (2.1p). The interim dividend is effectively raised to 0.61p (0.51p) net—last year's final was equivalent to 1.49p.

Mr K. J. Fisher, chairman, says that business in the builders' merchanting sector was generally buoyant and there was a noticeable volume gain in turnover. There has been, however, some slackening in trade after the VAT changes in June, and the chairman points out that it remains to be seen by how much this change, and the reduction in local authority improvement grants and capital spending, will affect the level of trade in the second half.

Mr Fisher says the new stores at Cheltenham and Swindon both made an encouraging start, while the store being built at Christchurch is planned to open at the end of the year.

## James Beattie profits rise to £1.3m at six months

James Beattie, retail department store operator, turned in increased taxable profits of £1.3m for the half year ended July 31 1984, compared with £1.19m. Sales went ahead from £17.46m to £18.38m.

Mr James Beattie, chairman, points out that progress in the early months of the year gave directors cause to anticipate that there might be some difficulty in matching last year's interim surplus, which was a substantial advance on the £775,000 in 1982.

However, the steps taken to deal with the problems have been successful, he states.

Following trials in six-day trading at the company's Northampton store, the directors intend shortly to trade for six days a week instead of five, in all stores. This will enable Beattie to offer full- or part-time employment to nearly 200 more people.

Tax charge for the six months amounted to £594,000, against an adjusted £600,000, leaving net profits at £701,000 (£593,000) or 3.06p (2.6p) per 25p share.

Pre-tax figure for the whole of the 1983-84 year was a record £4.19m (£3.48m) on sales of £38m (£34.94m).

## Somportex in second half losses and warns on outlook

AS EXPECTED, losses were incurred in the second half-year to the end of April 1984 at Somportex Holdings, with the deficit amounting to £364,000. The full year results showed pre-tax profits of £104,000 against losses last time of £396,056.

The year's dividend has been cut from 1.5p to 1p net, and the cost is reduced by the waiver of entitlement by two directors. Earnings per 25p share are shown as 1.65p (losses 10.38p).

The current year has so far been disappointing, say the directors. Although confectionery sales were maintained, margins are under pressure. Slush Puppie's throughout has declined. Efforts are being made to increase sales through Slush Puppie machines through the winter months by introducing two new products. However, the directors warn that they cannot forecast a profit for this year.

Turnover came to £4.67m (£4.64m).

Tax charges came to £57,839 (credits £106,347) and there were extraordinary credits this time of £56,344. The attributable balance emerged at £105,525 (deficit £290,708). Dividends will absorb £25,686 (£10,819).

At the halfway stage profits were £468,000 (£107,000) and the directors said it was then too early to say that the year would end in profit.

## Geo. Armitage 87% ahead

George Armitage & Sons, brick manufacturer, nearly doubled first half taxable profits from £550,000 to £1.03m and the improvement is expected to continue during the remainder of the year.

The result for the first six months of 1984 was achieved against a background of static stock levels and a 5 per cent production gain. Turnover amounted to £6.64m, against £5.96m.

Tere were extraordinary credits amounting to £4,000 (£33,000). After preference dividends of £33,000 (same) the attributable balance came to £793,000 (£357,000), equal to earnings per share of 51.4p (21.1p). Armitage has close company status—the interim dividend is being raised from 5p to 7.5p, which will absorb £115,000 (£77,000).

### Copson up slightly

F. Copson, heating and building material supplier, returned pre-tax profits of £190,280 for the year ending April 30, 1984, compared with £189,736 last time. This increase took place on turnover down from £6.86m to £6.56m, exclusive of VAT and inter-company sales.

Earnings per 5p share increased from 3.52p to 4p. The directors have recommended a dividend of 1.5p per share, the same amount as in 1983.

Profits retained after the dividend pay-out and minority interests were £89,834, compared with £95,408 for 1983.

### Applied Botanics

Of the Applied Botanics rights issue of 1.35m units comprising 8.11m new ordinary shares of 2½p each and £1.35m nominal of new 12 per cent stock 1.09m units have been taken up (80.3 per cent). Units not taken up have been sold at 134p gross.

### Lambert Howarth

The rate of improvement at Lambert Howarth Group, footwear manufacturers, accelerated in the first half of 1984.

The pre-tax result for the period rose by some 48 per cent from £349,636 to £517,258 on turnover up by 20 per cent to £8.48m against £7.06m. In his annual statement at the last year end, Mr J. F. Jacobs, the chairman, reporting a 32 per cent increase in profit from turnover up by 11.5 per cent, noted an improvement in operating efficiency.

He stated then that the emphasis for the current year must be on investment in the newest machinery and improvement of work methods while maintaining standards.

He now says that the development of new products is resulting in a more balanced pattern of sales throughout the year. Orders on hand are at a higher level than last year.

The interim dividend is effectively lifted from 1.25p to 1.5p net per share, absorbing £70,193 (£54,000). Earnings per share are shown at 5.97p (4.12p). The total dividend last time was an adjusted 4.79p.



NOTICE TO ENTITLED ACCOUNT HOLDERS

OF

## AMERICAN EXPRESS OVERSEAS FINANCE COMPANY N.V.

**10¾ Percent Guaranteed Notes Due 1989**

NOTICE IS HEREBY GIVEN to Entitled Account Holders of the 10¾ Percent Guaranteed Notes Due 1989, issued by American Express Overseas Finance Company N.V., a Netherlands Antilles corporation (the "Company") and guaranteed by American Express Overseas Credit Corporation Limited, a Jersey corporation, that:

(a) Payment of the final instalment of the issue price of each Note (being 75% of the issue price of pounds sterling 5,000 for each Note) is due and payable in same day funds in pounds sterling no later than 11:00 a.m., London time, on 16 October 1984. Payment shall be made to the main London office of Morgan Guaranty Trust Company of New York at Morgan House, 1 Angel Court, EC2R 7AE, London;

(b) The Company will accept payment of the final instalment of the issue price of any Note at any time after the due date for payment thereof up to and including 30 October 1984 but may elect, in its sole and absolute discretion, not to accept any such payment after 30 October 1984. No payment made after the 16 October 1984 due date shall be accepted unless accompanied by a further payment representing accrued interest at the rate of 15¾ percent per annum on the amount of the final instalment, calculated from 16 October 1984 to but excluding the date of actual payment on the basis of a 360 day year consisting of 12 months of 30 days each;

(c) No Entitled Account Holder or other person is under any obligation to pay or cause to be paid the final instalment of the issue price of any Note.

(d) IN THE EVENT, HOWEVER, THAT PAYMENT OF THE FINAL INSTALMENT IN RESPECT OF ANY NOTE IS NOT MADE AS AFORESAID ON OR BEFORE 30 OCTOBER 1984, THE COMPANY WILL BE ENTITLED (SUBJECT TO ITS RIGHT TO ACCEPT LATER PAYMENT) TO RETAIN THE FIRST INSTALMENT OF THE ISSUE PRICE PREVIOUSLY PAID FOR SUCH NOTE AND WILL HAVE NO OBLIGATION TO REPAY SUCH INSTALMENT OR TO PAY INTEREST THEREON FOR ANY PERIOD PRIOR TO, INCLUDING OR SUBSEQUENT TO 16 OCTOBER 1984.

(e) Payment of the final instalment of the issue price of any Note (together with interest thereon) accepted after the due date will be treated as having been made on the due date.

Arrangements should be made with Morgan Guaranty Trust Company of New York, Brussels office, as Operator of the Euroclear System, or CEDEL S.A. in order to assure timely payment of the final instalment.

The Notes have not been registered under the United States Securities Act of 1933 and are not offered in the United States of America or its territories or possessions or to nationals or residents thereof.

By: AMERICAN EXPRESS OVERSEAS FINANCE COMPANY N.V.

Dated: September 4, 1984

# UK COMPANY NEWS

## Wilson (Connolly) confident as profits rise

Wilson (Connolly) Holdings, the Northampton-based housing estate builder and industrial building contractor, made good progress over the opening six months and expects a favourable outturn for the full 1984 year.

The directors warn, however, that present industrial unrest and economic uncertainties coupled with unusually volatile interest rates make forecasting hazardous.

Turnover for the half year advanced from £28.16m to £37.91m on which the group made pre-tax profits of £6.8m, compared with £5.62m.

The housing and contracts division pushed its contribution up by £1.31m to £5.94m but property sales declined from £369,000 to £72,000. Rents added £164,000 more at £786,000.

Earnings improved from 8.3p to 9.1p per 25p share and the interim dividend is being stepped up by 0.125p to 1p net—a total of 2.475p was paid for the 1983 year when group pre-tax profits totalled £13.35m (£10.1m).

During the first half of the 1984 year the performance of the housing and contracting companies continued to be satisfactory and rental income was in line with the group's original budget.

However, the difficult trading conditions experienced in the property sector in 1983 continued and the contribution to group profit here was disappointing.

In their preliminary statement with the 1983 results the directors said that the broad shape of the group's balance sheet had been maintained with increased holdings of land and work-in-progress and net liquid funds of £3.3m at year-end.

Shareholders were told that floating charges over all group assets had been removed and that this provided flexibility for future development.

During the year housing starts in the UK reached a 10-year high and the Wilson Homes subsidiary completed nearly 1,800 houses

The offshoot achieved record turnover and profits and entered 1984 with a record order book.

In April of this year the group entered into a contract to acquire Chowns, a general building contractor. The acquisition was expected to provide a further 50 plots of land in Northampton.

● comment

Shareholders in Wilson (Connolly) should not pay too much attention to the 8p fall in the share price to 180p which these results provoked. Reading between the lines of the company's cautious statement leaves the reassuring impression that the dominant housebuilding business is as strong as ever. With 1,050 completions in the first half, Wilson is right on target for achieving its forecast for the year of 2,000. Its future seems secure with its strong base in East Anglia where an expanding population will mitigate the impact of any downturn in the housing cycle. On the industrial and commercial property side, the poor result is a reflection of the fact that the company has sold one of the four completed properties it might have expected to sell this year. Wilson is trying to improve its performance here by turning from industrial to office and shop developments but such moves take time. The group is also working on up-grading its investment portfolio. For the year the company should make £15.5m putting the shares on a lowly prospective multiple of almost nine on a 42 per cent tax charge. An investment that is as safe as houses.

## Memory still has issue plans

By Brendan Keenan

Memory Computer, the Irish-based electronics company whose planned £2m share placing collapsed last week in confusion over its results, is to try to raise fresh capital through an issue.

Yesterday the firm asked for dealings in its share to be suspended on the London and Dublin exchanges and later announced the planned issue. Details will be given when the audited results to March are published.

The refusal of auditors Touche Ross and Co to sign preliminary results led to the cancellation of the share placing. Figures finally agreed with the auditors reduced pre-tax profits of I£1.58m to I£76,000.

In its statement Memory said: "In view of the uncertainty following the publication on August 28 1984 of the restated preliminary figures for the year to March 31 and the company's funding requirements, the company intends to raise further permanent capital by means of an issue."

Memory's troubles arose from a deal iwth the U.S. computer firm, Fortune Systems Inc, which did not work out. Memory was valued on the Stock Exchange at almost £20m at its peak but share values were substantially reduced after the revised results.

The Stock Exchange is carrying out an investigation into share dealings during the period between the publication of the preliminary results adn the revised figures.

## Costs rise but Ropner recovery under way

WITH ALL trading operations showing an improvement, Ropner has more than doubled profits before tax in the six months to June 30 1984, to restore interim profits to 1982 levels.

The figure was up from £1.42m to £3.21m, and was achieved despite operating costs some £6.44m higher at £24.04m. Turnover increased from £19.57m to £28.16m.

The directors are to boost the interim dividend by 0.5p to 2.25p net per share. Last year the company—with interests in shipping, garden products, insurance broking and engineering—paid a total of 4.5p.

A breakdown of the pre-tax figure reveals: shipping £821,000 (£446,000); engineering £1.33m (£850,000); garden products £1.75f (£750,000); insurance broking £171,000 (£167,000); and property development £49,000 (loss £83,000). Investment income not directly related to trading activities added rather less at £187,000 (£374,000).

Interest payments still considerably exceeded earnings from shipping, but fell slightly in the period from £1.09m to £1.07m. After tax at £1.42m (£695,000) and minority interests £76,000 (£49,000) the company quotes its earnings per share at 8.8p, up from 2.1p.

Commenting in detail on the results, the directors state that Hozelock-ASL garden products enjoyed a good selling season, which occurs largely in the first half of the year, and benefited from the rationalisation following the integration of Associated Sprayers which was acquired last year.

The engineering companies improved all round. Airtech in particular earned more profit and is expected to achieve higher turnover in the second half year.

The shipping profit gained as a result of improved earnings from Salmonpool, a ship which was causing concern at the last year end.

A sale of a property development was achieved in the period. Since then another sale has been achieved, and contracts have been exchanged for the sale of two more developments. Further sales are under negotiation for completion before the end of the year, the directors state.

In the full year to December 31 1983 Ropner's taxable profit was £3.39m (£5.47m) on turnover of £40.14 (£30.86m).

● comment

Ropner's more than doubling in pre-tax profits was fairly evenly spread across its five divisions, with the exception of insurance broking, which is still struggling in a depressed maritime market. Shipping owes its improved performance to a reduced loss from Salmonpool, which has benefited from a slight hardening in spot rates. It will still be a long time before that vessel breaks even. However, the rest of the fleet continues to ride high on long term charters which do not begin to run out until 1986. Garden products provide the brightest area, where the integration of Associated Sprayers with Hozelock has permitted substantial overhead savings in a buoyant market. The bulk of the engineering advance is thanks to the ending of last year's delays on the Ptarmigan battlefield communications project, underpinned by a resurgence of interest in Greenwood's storage heaters. A bunching of property completions in the current half points to a full-year out-turn of £6m pre-tax. The ordinary shares rose 10p to 142p, a fairly valued 9.6 times prospective earnings, with the yield at 5.9 per cent, assuming a similar increase in the final dividend.

## Metal Closures optimistic after £345,000 advance

Metal Closures Group, manufacture of metal and plastic products principally for the packaging industry, notched up a £345,000 advance to £3.37 in taxable profits in the first half of this year on turnover ahead by £6.39m at £44.9m.

The interim dividend is being held at 2.2p net—earnings per share rose from a stated 6.9p to 7.9p. Profits in the last full year rose from £5.95m to £6.83m and the final dividend payment was lifted to 4.1p (3.5p).

Mr Peter Smith, the chairman, commenting on the results says that "the group has produced encouraging half-year figures, again reflecting a record of profit performance which has been sustained at commendable levels throughout the recent recessionary years.

"Despite short order books and pressure on margins, the UK sector has succeeded in maintaining its position, while the overseas companies, once again, have acquitted themselves admirably."

The chairman, however, is presently concerned about the adverse movement in the rates of exchange, particularly between the South African rand and sterling which, if it persists, would clearly affect the contribution from that region.

Mr Smith says he is well aware of the need and scope for further growth in the various areas of high technology packaging, and looks to the future "with optimism."

## D. Crouch advances and is 'very sound' financially

SHARPLY IMPROVED results were recorded by Derek Crouch over the first half of 1984 and the directors say the group's financial position is very sound.

They add that overall borrowings are well within acceptable levels and that "substantial" additional banking facilities are available.

Pre-tax profits for the six months increased from a depressed £177,000 to £516,000 from turnover £3.7m ahead at £32.52m. The group's interests are in open-cast mining, earth moving, civil engineering and building construction.

The interim dividend is held at 1.63p net—earnings per 20p share edged up from 2.29p to 2.32p.

In the U.S., Power Incorporated benefited from a small increase in coal prices which, together with a continued improvement in operational costs, resulted in a marked change in the company's fortunes. Despite the imminent threat of a United Mine Workers Union strike, the outlook is "encouraging."

The UK mining company is continuing to achieve a satisfactory return under difficult circumstances. It has recently been awarded a 10-year contract in south west Scotland for the recovery of 2.9m tonnes of coal. The contract was placed by the National Coal Board.

The construction company is continuing its improvement and the planned change in the emphasis and direction of its business, outlined in chairman Mr D. C. Crouch's statement in March, is progressed.

However, the outcome of the hospital claim has not yet been determined.

The sales company has begun manufacturing a new product range under the registered name of Bakpak, a load-carrying car trailor without road wheels.

Pre-tax profits for the 1983 year showed a marginal improvement to £886,000 (£874,000). Profits in 1980 totalled £3.04m.

● comment

The news from Derek Crouch is more encouraging than it has been for a long time but the search for earnings away from UK open cast mining continues to be very slow and expensive. The new NCB contract worth £30m over 10 years is a welcome fillip to the core business meanwhile the company can finally expect a contribution from its expensive U.S. venture Power Incorporated which edged into profit at the interim stage. The construction division made a small loss in the first half, but has improved significantly as some of its private sector developments proceed including the £1.5m conversion of the Loch Lomond Hotel into flats for retired people. The sales division, which had all but been run down, has received a new lease of life with the launch of Bakpak, a carrier which can be attached to the rear of vehicles. A patent has been applied for, but market reaction has been tested only in a limited way, so far. The shares rose 7 p to 82p yesterday, giving a 9 per cent yield.

## Provident up despite miners' dispute

AN "encouraging" first half performance has prompted the directors of the Provident Financial Group to lift shareholders' interim dividend by 0.5p to 3.5p net per 25p share.

Pre-tax profits for the period to June 30 1984 rose by £591,000 to £6.34m and were struck on the back of a £6.83m rise in turnover to £147.08m.

Mining families' money problems had some effect on the figures and will also affect the second six months' results.

However, the directors describe the performance as encouraging and say they expect most of these customers to return in due course to their normal spending and payment patterns.

The group provides credit facilities and retails household commodities and other consumer goods. It also has interests in car insurance, estate agencies and contract hire of computer and management services personnel.

Over the six months it benefited from lower interest charges and took the opportunity, when rates eased, of extending the proportion of its borrowings on longer-term fixed rates to about one-third of the total.

Earnings came through at 8.12p (6.54p) per share after deducting tax of £2.93m, compared with £2.99m.

● comment

Provident's directors admit that a few years ago they were worried about the relentless advance of bank accounts and credit cards. Now, they feel that their traditional business has more resilience than was first realised—customers will pay the high interest rates for the convenience of door-to-door collection. So the art is in generating as much profit as possible from turnover growth which just about keeps pace with inflation. In this, Provident has had the help of falling interest rates which averaged 10.4 per cent this year against 11.2 per cent for the same period last year. This was offset, but only in part, by slightly higher bad debt charges to cover the arrears of striking miners, who make up less than 2 per cent of Provident's 1m customers. The performance of the group's newer businesses was rather mixed with the losses of a car insurance underwriter offsetting growth elsewhere, notably a vehicle warranty business and a chain of estate agents. The group should make £21m pre-tax this year, a prospect fully discounted in the shares, at 167p which trade on a p/e of about 5½ on a 46 per cent tax charge. But the yield—8.4 per cent—is high enough to be attractive to income-minded investors.

## Kleinwort Benson lifts interim to 5p

Results for the first half of 1984 of Kleinwort Benson Lonsdale are ahead of those for the corresponding period in 1983 and the interim dividend has been stepped up from 4.5p to 5p per 25p share.

Total payments of this investment holding concern, whose principal subsidiary is merchant bank Kleinwort Benson, came to 12p in 1983 and after-tax profits were £21.68m.

Balance sheet figures as at June 30 last show shareholders' funds of £346.45m (£272.04m at December 31 1983) and current deposit and other accounts, £3.54bn (£3.17bn), out of total assets of £4.66bn (£4.24bn). Advances and other accounts amounted to £1.63bn (£1.54bn) and loans to local authorities and banks totalled £858.28m (£767.91m).

## Nurdin & Peacock maintains upward sales momentum

RECORD results were achieved by Nurdin & Peacock, cash and carry wholesaler, in the first six months of this year and sales have continued to increase in the second half.

The interim period saw profits before tax, after a one point increase to 6 per cent for staff profit sharing, rise from £3.23m to £3.49m on a £25.39m advance to £264.74m in turnover.

The sales increase since the end of the period has gone up to 14 per cent and the trend in all branches is encouraging. The two latest branches, opened this year at Swansea and Keynsham, have made good starts and the launch of Nurdin's own brand of cigarettes, Red Band, has been successful.

Shareholders are getting an increase from 1.47p to 1.7p in the interim dividend. This follows a rise in last year's final payment to 2.1p (1.82p) when profits reached £12m (£11.32m).

Red Band cigarettes are now Nurdin's biggest seller and the directors say that this is an interesting reflection on the way consumer brand loyalty, which used to be very strong in this field, has been undermined by manufacturers encouraging cut price selling among multiple retailers.

The building of the new branch in Gloucester is coming on, and Nurdin has at last been able to purchase some land next to its Watford operation which will be used to build a 35,000 sq ft extension.

Net profits for the interim period emerged at £2.72m (£2.54m) after tax of £767,000 (£691,000).

● comment

UK food consumption is static, yet many food retailers are on a high stock market rating. The reason is largely down to the structural realignment going on in the sector with the traditional multiples slowly and surely eating their way into the market share of the smaller grocers, which are supplied by the likes of Nurdin & Peacock. So it is not surprising that Nurdin's share price has slimmed down from the year's high of 150p to last night's 126p. In the circumstances, these first-half results are actually quite good. Before investment income of £0.68m (£0.54m), margins actually increased a fraction, thanks to volume gains of around 2 per cent by existing businesses. The policy of building up own-branded product lines has clearly been a key factor. But this is all small beer in such difficult times and it is hard to see where the company is going. It has a mountain of cash but strategy appears to be confined to opening several new branches a year, hardly a formula to encourage a rerating. An increase to £13.2m before tax at 35 per cent puts the shares on a prospective p/e of under 9, around half the sector average.

### HIGHLIGHTS

Lex reviews the sad demise of Acrow where the receivers were called in yesterday afternoon and the impact of its collapse on the rest of the sector before moving on to comment upon the $3bn bid by Nestle for Carnation in the U.S. The column then reviews developments in the Eurobond market where there are moves from companies to seek new financing vehicles. Finally Lex takes a look at the state of London's markets after the shake out in share prices yesterday. On the bids front Caparo is bidding £13.5m for Fidelity in a gambit to gain control but retain the electrical company's share quote.

## Cantors' second half slip

DESPITE a slight fall in second-half figures from £708,000 to £686,000, taxable profits of Cantors, house furnishings, carpets and bedding retailer, finished the April 28 1984 year ahead at £874,000, against £812,000.

At midway, the directors said it was too early to forecast full-year results, but they hoped that second-half figures would compare satisfactorily with those of the previous year.

Earnings per 20p share were 11.87p (11.18p) and the dividend is stepped up to 2p (1.5p) with a final of 1.5p.

Turnover for the 12 months, excluding VAT, was just ahead at £22m, compared with £21.32m.

The pre-tax figure was after administration expenses of £3.14m (£3.02m), interest payable down from £148,000 to £96,000 and a £36,000 increase in provision for deferred profit (£110,000 decrease).

After tax, and preference and ordinary payments totalling £141,000 (£107,000) the retained balance came through ahead from £3.1m to £3.78m.

## Harvey & Thompson more than doubled at £404,000

PROFITS before tax at Harvey and Thompson more than doubled from £162,000 to £404,000 for the year to the end of June 1984. The net final dividend of 2p raises the total on this USM stock from 1.5p to 3.5p, and although Mr Galliers-Pratt, chairman, does not expect the dramatic increase in earnings to be repeated in the next year, he hopes to make a further increase in dividends.

Turnover of this pawnbroker, moneylender and jeweller, grew from £1.02m to £1.33m.

In March, the pledge stock of a Manchester-based pawnbroker trading under the name of Kelmscote was acquired. This established branch in the north, and operations have progressed well since. The Birmingham shop maintained initial momentum and is approaching a level of lending at which it will start to make a material contribution.

The directors have decided to carry on with the policy of expanding into the Midlands and intend to open a shop in Dudley in November.

The key to future growth lies in establishing a nationwide network of branches, they say. In view of the policy of writing-off expenses associated with opening a shop, coupled with an inevitable time lag before a level of pledge stock is achieved sufficient to cover operating costs, such expansion will restrict the rising trend in short-term profits.

Pre-tax profits were struck after interest costs of £123,000 (£100,000). Tax amounted to £109,000 (£1,000). There were extraordinary costs of £94,000 last time. Attributable profits came to £295,000 (£255,000) from which dividends will absorb £110,000 (£47,000).

# UK COMPANY NEWS MINING NEWS

## Raglan turns in £0.4m and expresses confidence

FURTHER PROGRESS was made at Raglan Property Trust in the 1983-84 year and Mr D. M. Anderson, chairman, is confident of a satisfactory outcome for the current 12 months.

During the year to end-March, pre-tax profits rose from £285,000 to £363,000 and, following a return to the dividend list last year, the directors an lifting the single final distribution to 0.085p against 0.075p.

Turnover came to £3.55m (£1.53m). Results were struck after administration costs of £172,000 (£197,000), and included net interest receivable of £14.000 (£8,000).

Tax absorbed £157,000 (£18,000). Stated earnings per share are shown as falling from 0.54p to 0.35p.

Te retail development in Newport, South Wales, was completed in August 1983 and is substantially let. Part of the anticipated profit has been realised and included in the results.

At Witney, detailed planning permission has now been obtained for a mejor town centre development. Terms bave been agreed with Waitrose, for its occupation of the main store on the site. Progress on this project has been active and several funding offers are being considered. It is boped that an equity stake in this development will be retained on completion.

In Slough, detailed planning permission has been received for 23,000 sq ft of offices adjacent to an existing investment, Kvaerner House.

Phase II of the Cowley project has been sold, and profit realised has been included in the result.

Terms heve been agreed for new projecs in Loughborough and Fleet, where retail developments are planned.

Another City of London development, totalling 25,000 sq ft of office accommodation, is proposed for Artillery Lane.

The investment portfolio has mada further satisfactory progress, the directors state, as a result of a number of rent reviews having fallen due during the year.

**● comment**

Yesterday's ½p rise in Raglan's share price offered some welcome relief to a trend line which seemed destined to take the company's market value down to join the rest of its ilk to stand at a discount to net assets. It may be hard to justify the company's place amongst the select band in the aector whose shares stand at a premium to net worth, especially given its chequered history, but in fairness it seems perverse indeed that as Raglan has gradually fought its way back from the brink of collapse in the mid-seventies the share price has drifted lower. The property sector es a whole may only be a small step off this year's high but Raglan'a price yesterday morning at 7½p was languishing at a 1984 low. Yet such is the modest transformation of this small property company that the directors can again talk of rebuilding a property portfolio rather than existing on a diet of property dealing. That shift of emphasis may take the edge off profits growth this year—shareholders should think in terms of a 10 to 15 per cent increase this year—but it locks np a more attractive long term proposition.

## David Dixon progress continues Following midway recovery

A RESURGENCE at the David Dixon Group subsidiary, Tudsbury, is the main reason for an improved performance for the 53 weeks to the end of March 1984 following a return top rofits at the mid-way stage. Full year taxable profits amounted to £151,000 against losses last time of £424,000.

The directors say the outlook for the next year is much better than for 1983-84. The warm summer has affected sales of this maker of hosiery, leisurewear and kittend fabrics, but results are far better than a year ago. Turnover for the year moved up from £13.36m to £14.3m.

The final dividend has been restored with a payment of 2.28p net making a total of 4.5p—in the last full year there was only an interim of 2.22p. Earnings per share were shown as 12.9p against previous losses of 22p.

At halftime profits came to £107,000 (losses £110,000).

The directors say now that terms have been agreed for the group to market a wide range of high quality products under two well-known brand names—they say that details will be announced shortly.

The current year is showing a further advance particularly in fine guage hosiery and the underwear and leisurewear divisions, where improved efficiency has reduced production costs.

Orders for childrens' and ladies' textured tights are at a high level and a feature of this year's trading to date is the influx of orders for babies' and children's clothes.

E. W. Thomson, Kendal, had a good year. Sales are proving difficult, although forward orders are good.

Deecon and Smith profits were "satisfactory." Sales in the first four months of the year were sluggish due to buyers maintaining a cautious approach, say the directors. However, the forward order position is healthy with fashion ranges performing well.

S. Mayers, Leek, had a discouraging year with profits well down. Margins are still meagre and two bad debts of £21,000 considerably reduced profits.

## CRA cautious on likely result for full year

A MIXED showing is made by the first-half results of CRA, the Rio Tinto-Zinc group's 52.9 per cent-owned Australian arm. Net profits for the six months to June 30 have risen to A$31.86m (£20.6m), or 6.5 cents per share, from A$20.23m e year ago when there was also extraordinary income of A$1.74m from sales of plant.

The interim dividend is increased to 4 cents on the capital increased by last year's one-for-eight rights issue. For 1983 there was an interim of 3 cents on the smaller capital and a final of 8 cents on the larger capitsl.

The latest earnings, which come from a turnover of A$1.65bn against A$1.53bn a year ago, follow those of A$49.5m in the second half of lest year. CRA says that the decline is largely a result of lower metal prices—with the exception of lead and zinc—losses on coal interests (Kembte Coal and Coke) and the strike at the Broken Hill silver-lead-zinc mines earlier this year.

In Sydney yesterday Sir Roderick Carnegie, the CRA chairman, pointed out that metal prices generally have weakened further since the end of June. If they do not improve and currency values do not change, CRA expects that trading profits for the current half year will not exceed tha "modest" levels of the first half.

CRA shares closed 2p np at 340p in London yesterday.

The CRA interim results coincide with the publication by London stockbrokers Sheppards and Chase of a study of the parent RTZ which is also due to announce balf-year results in about two weeks' time.

The brokers expect RTZ earnings to rise 14 per cent to £197m this year, pointing to the importance of RTZ Borax as a major source of earnings especially with the current strength of the U.S. dollar.

They feel it possible that the group could be thinking of a major U.S. acquisition in view of the probable postponement for some years of the Quartz Hill molybdenum venture in Alaska.

RTZ's underlying earnings growth of 12 per cent a year is expected to continue, helped by comparatively recent new investments, but tha brokers feel that there must be more selected divestment of limited growth assets if the future return on capital is to be maintained at high levels.

The study praises RTZ's strategy of greatly reducing its dependence for profit on cyclical metal prices, notably copper, and investing in less cyclical areas such as borax, selected industrial ventures, uranium, cement and oil and gas.

However, there is some criticism of the gronp for not moving more strongly into oil, gold and the smaller and more flexible mining operations.

## California gold option for Echo Bay

CANADA'S Echo Bay Mines, which operates the Lupin gold mine just 50 miles south of the Arctic Circle in the Northwest Territories, is considering extending its gold producing activities into California.

The company has taken out an option to acquire a controlling interest in Sonora Gold, which is developing the Jamestown gold mine in Tuolumne County, 125 miles east of San Francisco. The mine is within California's famous old Mother Lode gold camp, which bas produced over 100m ounces nf gold.

The aix deposits at Jamestown contain 24.8m tons of what Sonora describes as "drill-proven" open pit reserves at an average grade of 0.065 oz (2.02 grammes) of gold per ton.

In addition to these reserves, all of which lie within 250 ft of the surface, Sonora says there are a further 12.9m tons of underground reserves et an average grade of 0.136 oz per ton, and all the zones are open at depth. The total gold content is estimated at 3.37m oz in 37.68m tons of ore.

Sonora is constructing a mill at the sita with a capacity of 10,000 tons of ore a day, and hopes to be in production at about balf that rate by the fourth quarter of this year.

Provided there are no problems with the start-up phase, Sonora hopes to be producing at an annual rate of 120,000 oz of gold and 140,000 oz of silver naxt year.

The capital costs of tha development have been put at around C$40m (£24m), and operating costs are estimated at some U.S.$180 per ounce, compared with yesterday's gold price of about U.S.$340.

Echo Bay's option is with ABM Mining of Vancouver, which bolds 47.5 per cent of Sonora. The first stage, which may be exercised np to September 17, calls for Echo Bay to pay C$8 each for 625,000 Sonora shares.

The second stage, which is open until November 30, involves Echo Bay buying the balance of ABM's stake for a price of C$4 plus half an Echo Bay share for each Sonora share. This values the Sonora shares at just under C$10 each, and puts a total value on the deal of around C$60m.

If both stages of the nption are exercised, Echo Bay will then tender for all the outstanding shares under the same terms as the second stage of the option.

## MINING NEWS IN BRIEF

CANADA'S St Andrew Goldfields plans to spend C$2.27m (£1.34m) on a significant extention of the underground exploration work currently in progress at its gold property in Stock township, Timmins, northern Ontario.

The work, which is to be funded through CMP 1984 Mineral Partnership, will involve a 300-foot deapening of the present shaft to a depth of 965 ft and about 3,000 ft of drifting and cross-cutting, together with further diamond drilling.

All the work bas to be completed by the end of this year in order to qualify for tax benefits to CMP.

St Andrew bopes to be in a position to announce a figure for drill-indicated reserves once tha programme is completed.

Australia'a Pancontinental Mining has reported an attributable net loss of A$4.48m (£2.9m) for the year to June 30, compared with a loss of A$3.56m the year before. No dividend has been declared.

* * *

Phoenix Gold Mines, a 74 per cent-owned subsidiary of Quebec Sturgeon River Mines, has acquired a 17.9 per cent interest in McFinley Red Lake Mines' gold property in Ontario's Red Lake area, while Coniagas, also affiliated to Quebec Sturgeon, has taken a 7.1 per cent stake.

Phoenix may increase its stake to 42.9 per cent by funding further exploration, and McFinley Red Lake will then retain 50 per cent.

A total of C$3m (£1.8m) for additional exploration will be provided by CMP 1984 Mineral Partnership under an agreement with Quebec Sturgeon and Coniagas.

The McFinley property, which was originally staked in 1922, has prodnced high gold values in exploration since that time, but has so far not shown the degree of consistency needed for a profitable mining operation.



## BOARD MEETINGS

The fallowing companies have natified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: BICC, Cament Roadstone, Guardian Royal Exchange Assurance, Invergordon Distillers, Keep Trust, Linread, London Park Hotels, Peninsular and Oriental Steam Navigation, Pleasurama, Reckitt and Colman, Sun Alliance and London Insurance, Telsviz[ion] Services International.

Finals: K. O. Boardman International, Estates Property Investment, Framlington, Minerals Oils and Resources Shares Fund, V. W. Thermax.

FUTURE DATES

| | |
|---|---|
| Interims— | |
| Aberdeen Construction | Sept 27 |
| Bodycote International | Sept 20 |
| Coats Patons | Sept 19 |
| Cooper Industries | Sept 12 |
| Dares Estates | Sept 12 |
| Delta Group | Sept 13 |
| Desoutter Bros. | Sept 10 |
| European Ferries | Sept 13 |
| Group Lotus Cars | Sept 7 |
| Hestair | †Sept 24 |
| Laing Properties | Oct 2 |
| McLaughlin & Harvey | Sept 18 |
| Schroders | Sept 3 |
| Talbot Motor | Sept 10 |
| Thomson T-Line | Sept 24 |
| Finals— | |
| Dowding & Mills | Sept 27 |
| Kwahu | Sept 13 |
| Lister | Sept 7 |

† Amended

## Palmerston

Profit before tax at Palmerston Investment Trust has risen from £14,467 to £56,165 in the year to March 31 1984.

The final dividend is 2.5p net per share, up from 1.5p, making 3.5p for the year (2.5p).

Tha tax charge was £42,007 (£6,155), and there was an extraordinary profit of £107,583 (£132,999).

The company's portfolio has been revalued at the year end at £4.41m, and the surplus on revaluation taken to reserve is £2.08m.

# UK COMPANY NEWS

## Smiths Industries in £6.6m expansion

Smiths Industries, the aero-space and marine instrument supplier, is making an agreed bid worth £6.6m for Superflexit Group, a privately-owned manufacturer of precision engineering equipment and flexible tubes.

The directors of Superflexit and other shareholders owning a total of 77 per cent of the ordinary shares have undertaken irrevocably to accept the offer, Smiths said.

Smiths is offering 11 of its own shares for every 18 Superflexit with a cash alternative up to a maximum limit of £1.66m. Smiths' shares fell 14p yesterday to 362p following the bid.

Adding Superflexit's range of electrical conduits to Smiths' tubing interests will produce a business with a broad product base and strength in key market areas, Smiths said. It will provide a platform to expand sales and profits in Europe and the U.S.

Hypertac, Smiths' connector company, and Superflexit's connector business sell complementary ranges of products in similar markets, mainly for military applications.

Superflexit makes flexible electrical conduit, and associated end-fittings, power connectors, cams for packaging machinery and electronic connectors.

It made a pre-tax profit of £637,939 before extraordinary items in the year ended March 31 1984 and had net assets at that date of £3.46m.

Superflexit has about 30 shareholders.

In March Smiths paid £7.3m for Downs Surgical, the medical equipment manufacturer, while in June it sold two motor components distribution companies, Godfrey Holmes and Affiliated Factors, to Guest Keen and Nettlefolds.

### Yearlings up

The interest rate for this week's issue of local authority bonds is 10½ per cent, up ⅛ of a percentage point from last week, and compares with 10¼ per cent a year ago. The bonds are issued at par and are redeemable on September 11 1985.

A full list of issues will be published in tomorrow's edition.

## Caparo bids for Fidelity following share build-up

BY CHARLES BATCHELOR

Caparo Industries, Mr Swraj Paul's diversified engineering group, yesterday increased its stake in Fidelity to 32.4 per cent and announced a take-over bid which values the hi-fi and television maker at £13.5m.

Caparo also disclosed in a separate announcement that it has taken a 5.46 per cent stake in ML Holdings, which makes *aviation weapons systems and* foundry products.

Mr Paul said: "We are looking to get into slightly higher technology. We want to go into businesses of the future and thought Fidelity might be the proper vehicle."

Caparo intends to keep Fidelity as a quoted subsidiary if its bid is successful which means it will retain between 51 and 75 per cent of the equity, placing enough Fidelity shares with other investors to maintain its Stock Exchange listing.

Caparo has been stalking Fidelity since mid-June when it revealed that it had bought an 8.4 per cent stake. Talks held at the end of June between the two boards produced what Mr Paul described yesterday as "a very cool response."

No further contacts have been made beyond a courtesy call to Fidelity yesterday from Caparo to inform the board of the bid. Fidelity's shares rose 13p to 118p at last night's close—3p below the value of Caparo's cash offer and well below its 1984 high of 160p. In early June, before Caparo started buying, they were quoted at 70p. Caparo shares were unchanged yesterday at 37p.

Fidelity makes and sells televisions, cordless telephones, integrated rack units, record players and tape recorders. Problems with the introduction of a new colour television set chassis and with test specifications for its cordless telephones meant it made pre-tax profits of only £1.31m in the year ended March 1984 compared with a forecast £2.2m.

Mr Paul commented: "There is a lack of confidence in Fidelity in the market. That is what we have to restore. I don't think it (the problem) is the products. It is the grip of the management. We want to bring in proper controls."

Caparo is engaged in steel *stockholding, tubing and foundries*, engineering and investment activities.

Caparo made a pre-tax profit of £1.93m in 1983 on turnover of £82m, compared with a loss of £350,000 on turnover of £4m in 1980.

The company has expanded rapidly in recent years by acquiring Barton Group, a tubing, industrial services and engineering company, and E. Austin, the forklift truck maker in 1983. Earlier this year it made an unsuccessful bid for Brockhouse, a West Midlands-based engineering group.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Brook St Bureau ......int | 1 | Oct 26 | nil | — | 1 |
| Canters ...................... | 1.5 | Nov 8 | 1.5 | 2 | 1.5 |
| F. Copson ................. | 1.5 | — | 1.5 | 1.5 | 1.5 |
| Derek Crouch ..........int | 1.63 | Oct 29 | 1.63 | — | 5.05 |
| David Dixon .............. | 2.28 | — | nil | 4.5 | 2.22 |
| Harvey & Thompson .... | 2† | — | 1.5 | 3.5 | 1.5 |
| Kleinwort Benson ....int | 5 | Nov 6 | 4.5 | — | 12 |
| Lambert Howarth ......int | 1.5 | Oct 22 | 1.25* | — | 4.79* |
| Land Investors ........... | 0.8 | Oct 27 | 0.8 | 1 | 1 |
| Metal Closures .........int | 2.2 | Nov 1 | 2.2 | — | 6.3 |
| Nordin & Peacock .....int | 1.7 | Oct 29 | 1.47 | — | 3.57 |
| Provident Financial int | 3.5 | — | 3 | — | 9 |
| Raglan Property ......... | 0.09 | — | 0.08 | 0.09 | 0.08 |
| Ricardo Consulting ...... | 1.63 | — | 1.63* | 2.5 | 2.5* |
| Repner .....................int | 2.25 | Dec 31 | 1.75 | — | 4.5 |
| Sharpe & Fisher ......int | 0.61 | Nov 2 | 0.61* | — | 2* |
| Somport Hldgs ............ | 1 | — | 1 | 1.5 | 1.5 |
| Wilson (Connolly) ...int | 1 | Oct 22 | 0.88 | — | 2.48 |

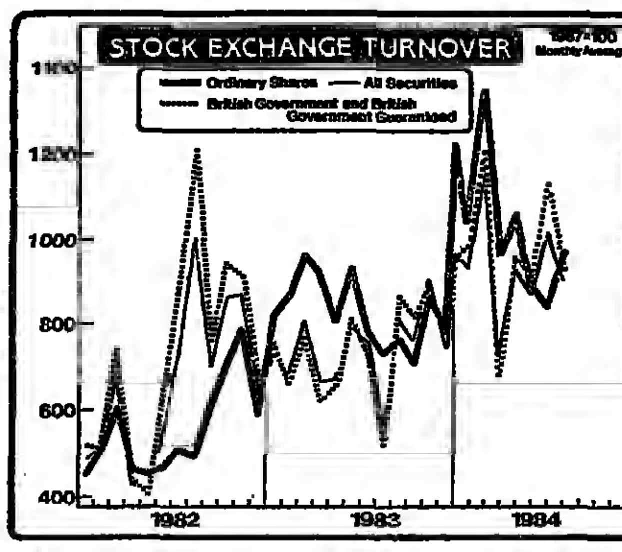
Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

## STOCK EXCHANGE BUSINESS IN AUGUST

## Overall turnover down despite resilient stock markets

BY GRAHAM DELLER

A FALL in business in gilt-edged securities last month led to an overall decline in Stock Exchange turnover compared with July. Total turnover in August, at £29.45bn, showed a fall of £3.83bn, or 11.5 per cent. The Financial Times turnover index for all securities was 902.4, as against the previous month's figure of 1,019.7.




Once again, seasonal inertia inhibited business as many institutional operators remained on the sidelines for much of August. A reversal of recent interest rate trends—UK clearing bank base lending rates fell to 10.5 per cent—and market resilience to UK labour disputes, especially the second national dock strike within four weeks, failed to motivate larger investors.

British Government securities opened the month on a firm note helped by a strong recovery in U.S. bond prices. Sentiment received a further boost following much better-than-expected money supply figures for July, which triggered the reduction in UK base-rates and enabled the authorities to sell most of the £1bn partly-paid tap stock, Exchequer 11 per cent 1989.

The FT Government securities index re-crossed the 80 level to tonch 80.57 on the 14th but eased slightly later to close August a net 3.80 up at 79.75.

Turnover in gilts, however. fell £4.57bn, or 17.14 per ceot, to £22.12bn. Business in shorter maturities contracted £1.91bn, or 14.68 per cent, to £11.09bn, while trade in longer-dated stocks and irredeemables declined £2.67bn, or 19.47 per cent, to £11.03bn. The FT turnover index for Government Securities eased to 936.2 from July's level of 1,129.9.

Business in equities rose £0.69bn, or 14.68 per cent, to £5.46bn as dealers reported a lively interest from private clients. The FT turnover index for ordinary shares rose to 973.4, compared with July's 849.6. The stage was set by the massive oversubscription of the Jaguar issue and a resurgence of American support for leading UK industrials, including ICI, Glaxo, Beecham and Metal Box. Another interesting month on the take-over front contributed to the upturn, with the proposed four-way merger of Mercury Securities, Rowe and Pitman, Akroyd and Smithers and Mullens, generating particular excitement.

The FT industrial ordinary share index made quite remarkable progress throughout August to close a net 63.2 points higber at 853.7. Bargains transacted in ordinary shares rose 41,843, or just over 14 per cent, to 340,279. The sverage valua per equity was unchanged at £16,000.

| Category | Value £m | % of total | Number of bargains | % of total | Average daily value £m | Average bargain value £000's | Average no. of daily bargains |
|---|---|---|---|---|---|---|---|
| BRITISH FUNDS | | | | | | | |
| Short dated (5 years or less to run) | 11,092.3 | 37.7 | 27,407 | 6.3 | 504.2 | 404.7 | 1,246 |
| Others (over 5 years) | 11,028.0 | 37.4 | 41,857 | 9.6 | 501.3 | 263.5 | 1,903 |
| TOTAL | 22,120.3 | 75.1 | 69,264 | 15.9 | 1,005.5 | 319.4 | 3,149 |
| IRISH FUNDS | | | | | | | |
| Short dated (5 years or less to run) | 505.7 | 1.7 | 1,313 | 0.3 | 23.0 | 385.1 | 60 |
| Others (over 5 years) | 558.3 | 1.9 | 2,106 | 0.5 | 25.4 | 265.1 | 96 |
| UK LOCAL AUTHORITY | 330.4 | 1.1 | 2,923 | 0.7 | 15.0 | 113.0 | 133 |
| OVERSEAS GOVERNMENT | 175.1 | 0.6 | 1,815 | 0.4 | 7.9 | 96.5 | 83 |
| OTHER FIXED INTEREST | 302.6 | 1.1 | 18,046 | 4.1 | 13.8 | 16.8 | 820 |
| ORDINARY SHARES | 5,455.2 | 18.5 | 340,279 | 78.1 | 248.0 | 16.0 | 15,467 |
| TOTAL | 29,447.6 | 100.0 | 435,746 | 100.0 | 1,338.6* | 67.6* | 19,808 |

* Average of all securities.





## IN BRIEF

Ladbroke Racing, a wbolly-owned subsidiary of Ladbroke Group, has acquired AHK Sporting *Investments*, trading *as* Caledonian Racing, for £1.28m.

Caledonian operates 28 betting shops, mainly in the east of Scotland, and owns the freebold of eight of these properties.

The acquisltion takes the total number of Ladbroke betting shops in the UK to 1,386, of wbich 208 are in Scotland.

* * *

*Richardsons Westgarth* has sold RW Transmissioos (RWT) for £1. The company has repaid £160,000 of debt owed to Richardsons. At December 31 1983, RWT had a deficlency of nat assets of £117,000 aod iocurred a pre-tax loss of £433,000 during the 1983 year.

* * *

**Atlantic Computers** and Combro have condi*tionally* agreed that Atlantic will purchase 1.61m ordinary shares of 10p each and 1.61m deferred shares of 10p each (80 per ceot) of **MPL Power** Systems from Combro for a total of 70p for eacb ordinary and deferred share.

The total consideration of £1.12m is to be satisfied by a loan note of £200,000 repayable oo March 25 1985 and the halance ln casb on complstion. This purchase is conditional upon an accountants report satisfactory to Atlantic being received no later than September 24 1984 failing which the purchase will not take place.

* * *

**Hunter Saphir** has contracted to *purchase from Ocean Trading* **& Transport**, on September 22, tbe Cory distribution depot at London Coloey. The consideration will be in cash.

This depot carries out a distribution service for a number of major customers, Sainsburys and well known brewers. This will be maintalned by Hunter Distribution, the transport and distribution subsidiary.

# TECHNOLOGY

EDITED BY ALAN CANE

HOW TO DETECT RAINWATER SEEPAGE

## Tape senses roof leaks

BY GEOFFREY CHARLISH

UNDETECTED ROOF or other enclosure leaks can prove expensive, not just in terms of structural damage to the property, but to some cases the contents as well.

A novel answer is forthcoming from Energy Sensors of Winchester, Hants, in the form of a development called Smart Tape. The tape contains dormant battery components and a microminiature radio transmitter which is activated by rainwater, in turn producing an alarm in a nearby receiver.

When rainwater leaks on to the tape, which is sandwiched in the roof or enclosure structure, it finds its way into the space between the film electrodes. A chemical contained in the space is dissolved, forming an electrolyte, and the resultant battery produces about one volt. The power is fed to a low power radio transmitter which is also laminated into the tape.

Tape and transmitter operate over a temperature range of −20 to +120 deg C; the encapsulated microelectronics unit measures about 40 x 40 mm, is 3 mm thick, and takes about 0.3 amp from the battery.

The tape is made from coated polymer and fabric materials laminated to form an easily applied material.

Energy Sensors envisages two areas of application. One is on oil and gas pipelines and storage tanks. The tape would be supplied in custom lengths in standard widths, each length having its own encapsulated transmitter. It would normally be applied over circumferential or longitudinal weld seams, around pipe or tank fittings, or spirally overlapping along critical pipeline sections.

A valuable feature of the transmitters is that they are individually coded so that on a tank farm or down a pipeline run, it becomes possible to locate the region in which the leak has occurred.

The locator receivers can be fixed, or mounted on land vehicles, helicopters, or can be hand held. Alternatively, the coded alarm signals can be connected to adjacent transponders for sequential interrogation over the pipeline telemetry system. The Smart Tape system adds about 1 per cent to the cost of a pipeline.

The second application is in protecting roofs. The company envisages the tape being applied directly on the deck under the covering or sandwiched between bitumous or polymer membranes. Advanced warning is provided of moisture build-up, either from condensation or from a leak.

The tape would be applied along joints and seams or around critical flashings or material interlaces where structural movement might provide leak paths. Depending on the degree of sensitivity required in relation to the value of the building and/or its contents, the tape can be applied in standard or variable grid patterns over the total roof surface.

A number of encapsulated receivers are strategically placed on the roof and connected together, terminating in a custom-built monitoring alarm and display panel within the building to alert appropriate persons and indicate the faulty roof section (via the coding facility).

Mr Anthony Maxwell, chairman of Energy Sensors, puts the cost of using Smart Tape in roofs at about 5 per cent of the cost of a new roof. One unanswered question, however, is the life of the tape. So far, no testing to determine this has taken place.

He also believes that, as building supervisory computers become standard for monitoring fire, intrusion, and internal climate, an additional software package to give audio and graphical displays of the roof would be feasible. Alternatively, using transponders, the roof could be inspected with hand-held interrogating devices.

The company emphasises that the system is currently at the working prototype stage and it is hoped that production will commence early next year. More on 0962 65130.

REDIFFUSION AND GOULD JOIN FORCES

## Computer systems for simulation

REDIFFUSION Simulation of Crawley and the U.S. company Gould Inc are to undertake joint development of distributed computing systems for flight and other simulator applications.

Under the terms of the agreement the first systems will be applied to Rediffusion-built simulators, but thereafter they will be made available for integration into other simulation equipment such as power generation and industrial process control.

The project is code-named Seagull and will deploy basic ideas from Rediffusion and a number of identical Gould Concept 32 computers, known as nodes, which are both interconnected and interactive. Each node is dedicated to processing data associated with particular simulation tasks such as the fast dynamics of flight and control, the aircraft systems and the environment (view from the cockpit, weather).

Rediffusion believes this approach provides a more effective arrangement for simulation tasks than using one large machine because the computation in each node is easier to handle.

For example, by separating aircraft and non-aircraft systems, it is possible to apply the optimum level of computing for each area rather than impose an overall standard. Aspects of simulation not directly associated with the aircraft performance may be isolated from the main simulator, thus creating a separate database and enhancing visual system interrogation.

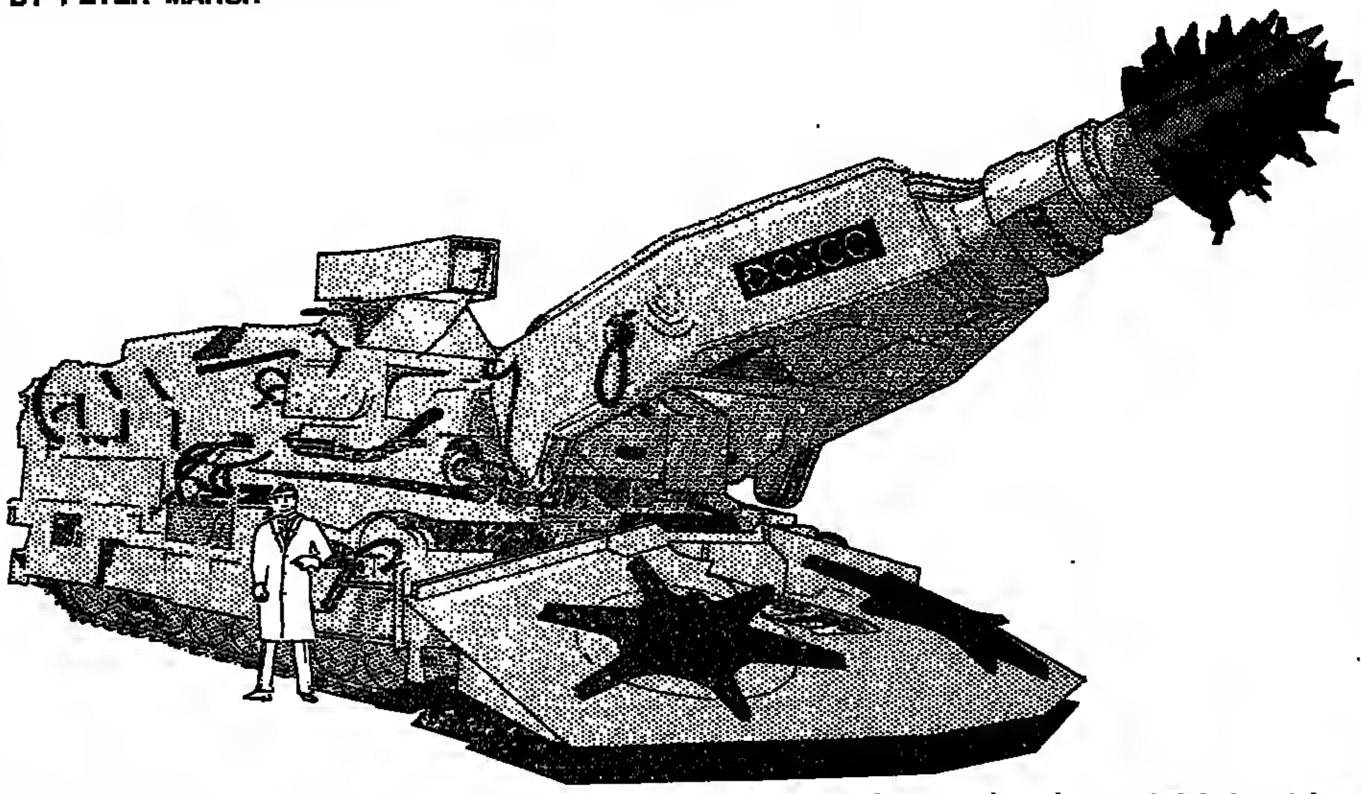
Furthermore, where additional computing power is needed, for example to cope with upgraded aircraft data, the relevant node computer can be expanded simply by adding parallel processors.

There are other advantages. Non-standard requirements are more easily met, time delay between pilot action and response is reduced, and monitoring of the overall system is simplified.

NATIONAL COAL BOARD TO INSTAL NEXT GENERATION OF CUTTERS

## Electronic moles tunnel through rock

BY PETER MARSH



MINING ENGINEERS are set to instal in Britain's collieries a new generation of "electronic moles" — tunnelling machines that dig out rock in a set sequence under the command of a computer.

The National Coal Board is to instal over the next few weeks its first mechanism of this type at Thoresby, a pit in Nottinghamshire where miners are working normally.

The hardware comprises a standard tunnelling machine made by Dosco of Tuxford, near Doncaster, to which engineers have added a package of electronics developed by Zed Instruments, a small company in West Molesey, near London.

The mechanism that Zed has developed is one of two systems to automate tunnelling operations that are under evaluation by the NCB's Mining Research and Development Establishment at Bretby, Derbyshire.

Perard Torque Tension (PTT), which is based in Worksop, has provided the second system, in conjuction with Furu Homeo, a civil-engineering company in Norway. If the NCB is satisfied with the performance of the PTT machine, it will see service later this year at the Daw Mill colliery, near Mansfield.

Technicians have fitted the Zed mechanism to a giant hydraulically powered excavator, or "roadheader," that moves on tracks underground to cut arch-shaped tunnels. The cavities, shaped in cross-section like a letter "D" skewed round by 90 degrees, may be up to several metres tall.

The control hardware adds about £60,000 to the cost of the basic tunnelling machine, which could sell for more than £300,000.

The excavator slices through rock with a revolving cutting head lined with teeth. The head is on the end of an arm that moves up and down and sideways.

In conventional tunnelling, an operator moves the head into position against a wall of rock. He then guides the arm to cut away a segment of material that is perhaps 50cm deep and roughly the same distance in cross section.

The head then moves out of the cavity and attacks a new section of rock immediately adjacent, taking up to 10 minutes to cut out material across the full width of the tunnel.

During the procedure, the operator has to control the head with a joystick or similar mechanism. He may be constrained by dust thrown out by the cutting head. The view of the operator may also be obscured by parts of the excavating hardware.

With the electronic package devised by Zed, the person in charge of the machine leaves the head to steer itself during each cutting sequence. The operator has little to do other than to drive the excavator forward on ½ tracks after each sequence has ended. In this way, the machine periodically lurches forward to take up a new position for cutting.

Details about the movement of the cutting head are presented to a display screen that the person in charge of the excavator monitors.

The main feature of the Zed system is a computer into which a supervisor feeds a set of instructions, for example on the dimensions of the tunnel to be excavated. While the cutting head is rotating, the computer receives information from sensors about the position of the body of the excavating machine

As a result of these two sets of information, the computer draws up new instructions that tell the arm how to move to cut the tunnel in the required way.

The Zed system contains two kinds of sensors, both of which rely on optical devices. A laser behind the excavator beams a narrow pencil of light at an optoelectronic detector built into the excavating machine.

Electronic components work out on which part of the detector, an array of semiconductor devices 30cm square, the laser beam has impinged. From this, the computer calculates the position in the tunnel of the excavating machine.

The computer also needs to know the position of the arm that contains the cutting head. Information on this is obtained through a second series of sensors. These comprise small light-emitting diodes built into the arm together with semiconductor devices that detect the radiation from the diodes. Signals from these sensors are computed to work out, for example, the angle that the cutting beam makes with the body of the excavator.

Zed has provided the NCB with a total of three such electronics packages for guiding underground tunnelling hardware. One of the systems is to be installed on an excavator that Anderson Strathclyde, a Glasgow manufacturer of mining machinery, has built in conjuction with engineers from the Soviet Union.



Communication

## Desk top facsimile

A TABLE-TOP facsimile machine that will transmit an A4 document over telephone lines in less than 40 seconds has been announced by Standard Telephones and Cables at a price of £2,595 installed.

Known as Telefax 3532, the machine is easy to use. For example, once telephone contact has been established and the start button depressed, the documents will be transmitted and received automatically without the need for an operator standing by at the receiving station.

A document feeder enables up to 30 pages to be transmitted with no additional operator actions at either end. Incoming documents are cut to length, either A4 or smaller, avoiding paper waste and providing file-ready copies. More from STC Business Systems on 01-300 7788.

Safety

## Silencing gunfire

AIMED MAINLY at the military is a hearing protector from Racal Safety of Wembley that will cut down impulsive noise like gunfire while allowing conversation to continue.

Known as Slimvalve, the protector incorporates an acoustic valve which, in the open position allows normal speech to be heard.

However, when a short, loud noise occurs the valve closes automatically and instantly, protecting the wearer's ears. The valve can also be closed manually to yield a normal pair of good quality ear defenders.



### Company Notices

**DIVIDEND ANNOUNCEMENT**

The Board of Brazilian Equity Holdings S.A. have pleasure in confirming that in accordance with the Resolution passed at the Annual General Meeting of 6th February 1984 a dividend of 14 cents per share, on the shares of US$1 par value, is now payable. Payment will be made on the 5th September 1984 to registered holders on record at close of business on 31st March 1984 and to bearer holdings against presentation of coupon No. 1 of the new bearer certificates to the paying agent at
Banque Generale du Luxembourg, Luxembourg.
THE BOARD OF DIRECTORS

**BANQUE NATIONALE DE PARIS**
Floating Rate Note Issue of US$400 million September 1983/91
The rate of interest applicable for the period beginning 4th September 1984 and set by the reference agent is 12¼% annually.

NOTICE OF REDEMPTION

**European Coal and Steel Community**

6¾% 20-Year Bonds of 1967 Due October 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Paying Agency Agreement dated as of October 1, 1967 by and between the European Coal and Steel Community and The Chase Manhattan Bank (National Association), as American Paying Agent, and the European Paying Agents, $1,024,000 in principal amount of the above Bonds will be redeemed and prepaid on October 1, 1984 at the principal amount thereof together with interest accrued to the redemption date.

The serial numbers of the coupon Bonds to be redeemed are set forth below in groups from one number to another number, both inclusive, except such as shall have been previously called for redemption or otherwise retired:

| | |
|---|---|
| M 201 through 400 | M 9201 through 9400 |
| 4201 through 4400 | 10801 through 11000 |
| 4801 through 5000 | 11801 through 12000 |
| 5601 through 5800 | 12401 through 12600 |
| 6801 through 7000 | 13801 through 14000 |
| 8401 through 8600 | 17401 through 17600 |
| 9001 through 9200 | 19801 through 20000 |

The serial numbers and principal amounts of the registered Bonds to be redeemed in part are as follows:

| Serial Number | Amount to be Redeemed |
|---|---|
| R2 | $ 2,000 |
| R3 | 61,000 |

In case of partial redemption of a fully registered Bond, the American Paying Agent, as Authenticating Agent, will authenticate and deliver coupon Bonds or fully registered Bonds of authorized denominations in exchange for, and in aggregate principal amount equal to, the unredeemed portion of any fully registered Bond redeemed in part.

Interest on the above Bonds (or portions thereof) shall cease to accrue on the redemption date and on the date the redemption price will become due and payable on each of such Bonds (or portions thereof) called for redemption.

Payment of coupon Bonds to be redeemed will be made upon presentation and surrender thereof, together with all coupons, if any, maturing subsequent to the redemption date, at The Chase Manhattan Bank, N.A., Corporate Bond Redemptions, Box 2020, 1 New York Plaza, 14th Floor, New York, New York 10081 or, at the option of the holder, at Banca Commerciale Italiana S.p.A., Sede di Milano, 6 Piazza della Scalla, Milan, Italy; S. G. Warburg & Co. Limited, 33 King William Street, London EC4R 9AS, England; Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg, Grand Duchy of Luxembourg; Société Générale de Banque, S.A., Montagne du Parc 3B, Brussels, Belgium; or Société Generale, 29 Boulevard Haussman, 75009 Paris, France, the European Paying Agents.

Coupons which mature on, or have matured prior to, the redemption date should be detached and surrendered for payment in the usual manner.

Payment of registered Bonds to be redeemed will be made only upon presentation and surrender thereof at the above mentioned address of The Chase Manhattan Bank, N.A.

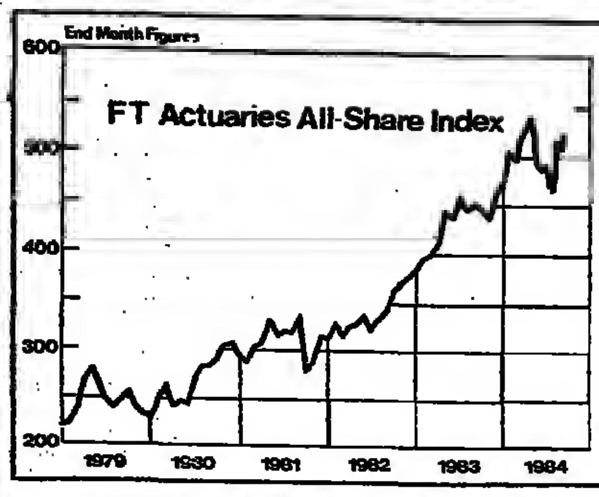
EUROPEAN COAL AND STEEL COMMUNITY
By: The CHASE MANHATTAN BANK, (NATIONAL ASSOCIATION)
American Paying Agent
Dated, August 31, 1984

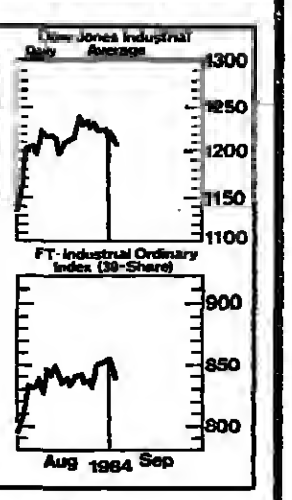
FINANCIAL TIMES

Wednesday September 5 1984

Eurodollar bond market attracts $100m issue by Penney, Page 38

## KEY MARKET MONITORS




### STOCK MARKET INDICES

| | | | |
|---|---|---|---|
| **NEW YORK** | Sept 4 | Previous | Year ago |
| DJ Industrials | 1,212.35 | 1,224.38 | 1,215.45 |
| DJ Transport | 510.52 | 520.51 | 558.94 |
| DJ Utilities | 128.44 | 129.46 | 130.11 |
| S&P Composite | 164.88 | 166.68 | 165.00 |
| **LONDON** | Sept 4 | Previous | Year ago |
| FT Ind Ord | 838.3 | 855.1 | 714.5 |
| FT-SE 100 | 1,083.7 | 1,105.3 | 966.0 |
| FT-A All-share | 513.17 | 521.63 | 454.11 |
| FT-A 500 | 555.26 | 565.94 | 491.8 |
| FT Gold mines | 540.3 | 561.4 | 685.5 |
| FT-A Long gilt | 10.64 | 10.55 | 10.81 |
| **TOKYO** | | | |
| Nikkei-Dow | 10,609.53 | 10,630.08 | 9,183.11 |
| Tokyo SE | 815.36 | 816.99 | 676.31 |
| **AUSTRALIA** | | | |
| All Ord. | 728.7 | 730.6 | 714.6 |
| Metals & Mins. | 453.8 | 457.4 | 604.7 |
| **AUSTRIA** | | | |
| Credit Aktien | 53.27 | 53.37 | 55.21 |
| **BELGIUM** | | | |
| Belgian SE | 157.86 | 157.48 | 132.49 |
| **CANADA** | Sept 4 | Prev. | Yr ago |
| **Toronto** | | | |
| Metals & Minls | 2,000.2* | 2,019.1 | — |
| Composite | 2,390.3* | 2,388.8 | 2,512.3 |
| **Montreal** | | | |
| Portfolio | 117.01* | 117.08 | 122.65 |
| **DENMARK** | Sept 4 | Previous | Year ago |
| Copenhagen SE | 184.31 | 184.33 | 186.81 |
| **FRANCE** | | | |
| CAC Gen | 173.2 | 173.2 | 133.1 |
| Ind. Tendance | 112.2 | 111.9 | 84.35 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 344.27 | 343.92 | 312.12 |
| Commerzbank | 1002.4 | 1000.2 | 923.6 |
| **HONG KONG** | | | |
| Hang Seng | 947.02 | 939.42 | 950.54 |
| **ITALY** | | | |
| Banca Comm. | 215.27 | 218.65 | 202.27 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 165.5 | 165.5 | 138.4 |
| ANP-CBS Ind | 131.3 | 130.5 | 111.8 |
| **NORWAY** | | | |
| Oslo SE | 255.18 | 260.24 | 207.1 |
| **SINGAPORE** | | | |
| Straits Times | 916.8 | 922.29 | 976.46 |
| **SOUTH AFRICA** | | | |
| Golds | 959.0 | 986.3 | 947.8 |
| Industrials | 909.4 | 908.7 | 933.8 |
| **SPAIN** | | | |
| Madrid SE | 140.11 | 138.58 | 113.07 |
| **SWEDEN** | | | |
| J & P | n/a | 1,454.48 | 1,527.15 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 379.7 | 379.3 | 335.3 |
| **WORLD** | Sept 3 | Prev | Year ago |
| Capital Int'l | 184.3 | 184.7 | 177.7 |

### GOLD (per ounce)

| | Sept. 4 | Prev |
|---|---|---|
| London | $340.75 | $344.50 |
| Frankfurt | $341.25 | $344.50 |
| Zürich | $340.75 | $344.50 |
| Paris (fixing) | $342.96 | $346.86 |
| Luxembourg (fixing) | $341.20 | $348.00 |
| New York (Sept) | $338.20 | closed |

** Latest available figure*

### CURRENCIES

| (London) | U.S. DOLLAR Sept 4 | U.S. DOLLAR Previous | STERLING Sept 4 | STERLING Previous |
|---|---|---|---|---|
| $ | — | — | 1.2925 | 1.303 |
| DM | 2.93 | 2.9115 | 3.785 | 3.795 |
| Yen | 243.65 | 242.75 | 315.0 | 316.25 |
| FFr | 8.9825 | 8.934 | 11.625 | 11.64 |
| SwFr | 2.4465 | 2.428 | 3.165 | 3.165 |
| Guilder | 3.307 | 3.284 | 4.27 | 4.278 |
| Lira | 1807.0 | 1798.0 | 2333.5 | 2343.0 |
| BFr | 59.05 | 58.655 | 76.35 | 76.4 |
| C$ | 1.29875 | 1.29595 | 1.6765 | 1.688 |

### INTEREST RATES

| | Sept 4 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 11 | 10 15/16 |
| SwFr | 4⅞ | 4 13/16 |
| DM | 5 5/16 | 5⅝ |
| FFr | 11⅝ | 11⅞ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 12 1/16 | 12 |
| 6-month U.S.$ | 12 5/16 | 12¼ |
| **U.S. Fed Funds** | 11⅛ | 11⅝ |
| **U.S. 3-month CDs** | 11.50 | 11.50 |
| **U.S. 3-month T-bills** | 10.65 | 10.60 |

### U.S BONDS

| Treasury | Sept 4* Price | Sept 4* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 12⅜ 1986 | 99 21/32 | 12.57 | 99 23/32 | 12.54 |
| 13¾ 1991 | 103 23/32 | 12.93 | 103 18/32 | 12.87 |
| 12⅝ 1994 | 98 31/32 | 12.87 | 98 23/32 | 12.83 |
| 12½ 2014 | 99 15/32 | 12.56 | 99 23/32 | 12.51 |
| **Corporate** | Sept 4 | | Prev | |
| AT & T | Price | Yield | Price | Yield |
| 10⅜ June 1990 | 89⅞ | 12.90 | 89⅞ | 12.90 |
| 3⅞ July 1990 | 71.00 | 10.60 | 71.00 | 10.60 |
| 8⅝ May 2000 | 72⅞ | 12.80 | 72⅞ | 12.80 |
| Xerox | | | | |
| 10⅞ March 1993 | 87¼ | 13.15 | 87¼ | 13.15 |
| Diamond Shamrock | | | | |
| 10⅞ May 1993 | 86⅝ | 13.25 | 86⅝ | 13.25 |
| Federated Dept Stores | | | | |
| 10⅞ May 2013 | 90.342 | 13.30 | 90.342 | 13.30 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 89.00 | 13.30 | 89.00 | 13.30 |
| Alcoa | | | | |
| 12¼ Dec 2012 | 89.00 | 13.30 | 89.00 | 13.30 |

### FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Sept | 65–15 | 65–22 | 65–07 | 65–26 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| Sept | 89.58 | 89.65 | 89.56 | 89.62 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Sept | 88.38 | 88.45 | 88.38 | 88.51 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Sept | 88.30 | 88.32 | 88.27 | 88.33 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Sept | 104–15 | 105–14 | 104–10 | 105–17 |

### COMMODITIES

| (London) | Sept. 4 | Prev |
|---|---|---|
| Silver (spot fixing) | 556.05p | 560.75p |
| Copper (cash) | £1,036.50 | £1,037.50 |
| Coffee (Sept) | £2,396.50 | £2,394.00 |
| Oil (spot Arabian light) | $27.83 | $27.95 |

WALL STREET

# Week starts on very wary note

FINANCIAL markets opened weaker yesterday as Wall Street returned to work after the long Labor Day weekend, with investors reluctant to commit new funds amid concern offer prospects for higher interest rates, *writes Michael Morgan in New York.*

The weakness in stocks was again attributed to an easier tone in the bond market on the back of a federal funds rate that opened higher than expected at 11⅝ per cent. At this level, the Fed intervened to add liquidity with overnight system repurchases, and the funds rate later edged up to 11⅞ per cent.

In the stock market, the Dow Jones industrial average closed down 12.03 at 1,212.35 on light volume of 62.6m shares. Measuring the broader market, the American Stock Exchange index dipped 1.08 to 214.33.

The announcement of a 0.7 per cent rise in U.S. construction spending for July came as a surprise to some analysts who had expected a small decline, somewhat in line with the revised 0.5 per cent dip in June. They noted that the July rise was certainly an indication that the economy was still moving ahead but added that the measure was less important as a guide than some of the other indicators.

They instead attributed the higher funds rate to signs that pressure for loans is again building up as industry gears itself for the Christmas product period.

Treasury coupon issues turned lower with the price of the key long bond, the 12½ per cent of 2014, down 9/32 at 99 15/32.

At the short end, the discount on the three-month Treasury bill added four basis points to 10.68 per cent while the six-month bill, at a discount of 10.78, was four basis points higher.

Results of the regular weekly auction, announced late in the day, showed the discount for three-month bills at 10.63 per cent, and 10.75 per cent for the six-month bill. Money market rates were higher.

In the stock markets, Carnation, the dairy products and food group, traded up $4 at $79⅝ in heavy volume following the announcement that it is to be acquired by Nestlé at $83 a share.

AT&T dipped $⅝ to $19 after Japan's Ministry of Trade and Industry said it would make a final decision in December on a $125m five-year co-operation scheme under which the U.S. group would help Japanese companies develop their own computer software.

Quaker oats fell $1⅝ to $66⅞ after Goldman Sachs removed the stock from its buy list, and Katy Industries, the machine maker, dipped $2¾ to $26¾ as it reacted to statements saying it knew of no planned takeover attempts.

IBM was off $⅝ at $123 amid reports that it planned a co-operation agreement with Cincinnati Milacron, integrating IBM's personal computer with Milacron's electronic controls for automated production systems.

Data General fell $1⅛ to $56⅞ as it announced a new briefcase-sized personal computer while Prime Computer shed $⅝ to $18 as it introduced software which programs machine tools.

In the motor sector, Ford dipped $⅞ to $42⅞ as negotiations for a new contract continued, with the United Auto Workers proposing that the company guarantee all its union jobs for six years.

Among banks, Citicorp eased $⅞ to $34¼ in the wake of its plans to buy UK stockbrokers, Scrimgeour Kemp-Gee and Vickers da Costa, in an effort to develop an international securities business.

American Motor Ions proved a firmer spot, adding $⅛ to $21⅛ as it announced higher earnings for 1984.

Among the most actively traded issues on the New York Stock Exchange, Ohio Edison, the electric utility, dipped $⅛ to $11⅛ and Petrie Stores shed $⅞ to $34. Financial Corporation of America added $⅛ to $5⅝ in the wake of the announcement by the troubled savings and loan concern that it will declare regular quarterly dividends on its common and preferred shares.

TOKYO

# Incentives to buy evaporate

A DECLINE developed across the board in Tokyo yesterday as a result of small-lot selling and an absence of buying incentives, *writes Shigeo Nishiwaki of Jiji Press.*

A handful of usually neglected small-capital, cash-traded issues moved actively on speculator interest, but blue chips remained dull.

The Nikkei-Dow market average dropped for the first time in three days, closing 20.55 down at 10,609.53. Volume increased slightly from 204.38m shares to 238.62m. Losses outpaced gains 373 to 333, with 171 issues unchanged.

An executive of a leading brokerage house said neither institutional nor individual investors could decide whether to buy or sell, because of uncertainty surrounding stock price prospects.

Consequently, speculators hunted issues that fluctuate easily in order to reap quick profits. Major securities houses said lower-quality stocks were in the spotlight.

Nippon Kosbuha Steel spurted Y37 to Y316, reflecting heavier orders. A total of 6.94m shares changed hands, making it the day's most active.

Rasa Industries soared Y39 to Y353 on its possible move into semiconductors, while non-residents' buying pushed up Maruyama Mfg Y5 to Y425. Wasino Machine added Y23 to Y720 on a reported improvement in its business performance.

Non-residents were net sellers yesterday, with their sell orders placed with the nation's four biggest brokerage houses totalling 15m shares against buy orders for 11.5m. This kept investors away from blue chips.

Investors were waiting for the New York market to reopen after the Labor Day holiday to seek clues on future price moves. But as many institutional investors and brokerage houses close their books at the end of this month and are unwilling to engage in active trading, Tokyo prices are not expected to advance sharply even if Wall Street gains.

A wary mood set in rapidly on the bond market after Monday's advance. The yield on the 7.5 per cent government bonds due in January 1993 went up from 7.145 per cent to 7.18 per cent.

SOUTH AFRICA

GOLD SHARES in Johannesburg closed sharply lower in sympathy with the declining international gold price. Mining financials followed the downward trend during moderate trading.

Heavyweight Randfontein shed R4 to R162, and Doornfontein R2 to R31, while among the cheaper gold stocks Modder lost 40 cents to R8.70. Industrials were generally little changed.

EUROPE

# The dollar acts as a dampener

THE DOLLAR'S vigour exerted its usual restraining influence on European bourse values yesterday and trading levels which have shown a marked revival over the past month generally dwindled.

The pace of activity was sustained best in **Frankfurt**, where news of a dip in gross national product failed to depress, and the Commerzbank index consolidated its newly regained hold on the 1,000 level with a 2.2 rise to 1,002.4.

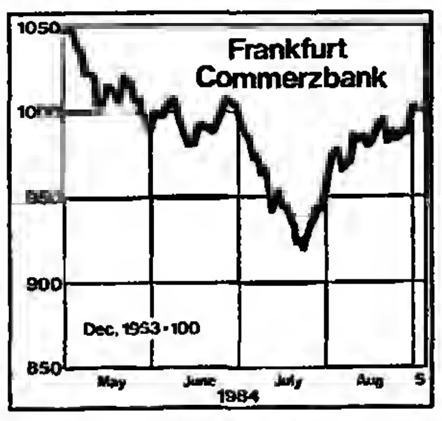
Profit-takers made sporadic forays, though, particulary into the high-technology sector. Nixdorf slipped DM 1.50 to DM 533, Iwka the same amount to DM 249.50 and Siemens DM 1.20 to DM 403.90.

The engineering side, by contrast, remained in favour. Mannesmann added DM 1.70 to DM 146.30, and MAN DM 1.50 to DM 143.50. Demand elsewhere centred on Conti-Gummi, DM 3 higher at DM 117.50, and AEG, DM 2.90 up at DM 93.70.

Bayerische Hypobank again stood out with a DM 7 jump to DM 276 for a two-day gain of DM 15.50 or nearly 6 per cent.

Domestic bonds turned weaker, and the Bundesbank was obliged to buy DM 27.8m in paper, its first purchases in three weeks.

Business was also brisk in **Milan**, but the tone was the reverse: the discount rate rise was unexpected and caused widespread setbacks. Fiat reversed L100




to L4,305, Mediobanca L1,000 to L63,100 and La Centrale L119 to L2,042. The after-bours trend was somewhat better, however.

Bonds were narrowly mixed.

Other centres were quieter and movements more muted. **Amsterdam** demand centred on publishers, taking VNU Fl 4.20 higher to Fl 164.50 but leaving Elsevier at Fl 93.50.

Profit-taking pulled bid-enmeshed Unilever Fl 3.10 down to Fl 273.70, while VMF Stork put on Fl 1.30 to Fl 130.80 amid results.

Bonds were little changed.

A firmer Paris bias remained, with a few strong advances such as FFr 98 for Roussel-Uclaf to FFr 1,475, but these were largely offset by falls which ranged to FFr 48 in Midi at FFr 1,662.

Peugeot rallied FFr 1.90 to FFr 209 amid the boardroom and labour upheavals.

The story of the day in **Zurich**, Nestlé's bid for Carnation, came after the close which had left the Swiss group SwFr 5 firmer at SwFr 5,490.

Leading industrials were neglected, and banks steady, while tour operator Kuoni again featured with a SwFr 400 boost to SwFr 8,800 after Monday's SwFr 350 gain – a 9.3 per cent advance over the two sessions.

A mixed **Stockholm** outcome showed Astra up SKr 5 at SKr 455 but Asea off the same amount at SKr 380. Swedish Match, the day's most active, dipped SKr 1 to SKr 230.

Banks were prominent in a steady **Brussels**, attributed by some to their favourable yields. Kredietbank picked up BFr 150 to BFr 7,200. Chemicals also moved up, but utilities were mixed despite a lower interest rate trend.

**Copenhagen** moved little, **Oslo** was weaker and **Madrid** managed gains, particularly in electricals and chemicals.

LONDON

# Rate fears put sellers in charge

LEADING shares were under constant selling pressure in London yesterday as the rise in the dollar and fresh talk of higher U.S. interest rates combined to inject uncertainty.

The FT Industrial Ordinary index was clipped back throughout the day and closed at 838.3 – down 16.8.

Government securities responded during thin trading, particularly at the longer end of the market. Final losses stretched to ⅞ compared with falls of 3/16 among short-dated gilts.

J. Bibby, ahead of its formal takeover offer from the South African Barlow Rand conglomerate, eased 15p to 278p, partially erasing Monday's advance which followed the news of the impending bid.

Tate & Lyle, which like Unilever is bidding for Brooke Bond, fell 7p to 375p.

*Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32–33*

HONG KONG

INCREASED confidence that an agreement will be reached soon on Hong Kong's future buoyed share prices and lifted the tempo of trading.

Overseas institutional investors made another tentative return and bought selected blue-chip stocks such as Hutchison Whampoa and Swire, each of which remained steady at HK$11.30 and HK$17.10 respectively.

SINGAPORE

ALL SECTORS posted modest losses in Singapore as profit-takers again dictated the course of trading.

Pan Electric was the most actively traded stock and closed 3 cents higher at S$2.87 on a turnover of 886,000.

Lee Kim Tah eased 7 cents to S$2.06, and United Industrial Corporation fell 2 cents to S$2.47.

AUSTRALIA

AN EASIER tone prevailed in Sydney, and companies reporting results provided the only interest in an otherwise dull market.

CRA eased 2 cents to A$5.24 ahead of its strong interim results, while FAI firmed 10 cents to A$6.10 and Brambles 10 cents to A$3.15 following recent profit announcements.

CANADA

HOPES that the Canadian election would produce the expected Progressive Conservative victory enabled Toronto stocks to resist much of the downward influences felt from New York.

The oil sector did particularly well, but golds succumbed to weakness in bullion. Montreal meanwhile favoured industrials more than banks.

*Closing prices, September 4*

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 23½ | 13¼ | AAR | .48 | 2.1 | 23 | 1 | 22¼ | 22¼ | 22¼ | +⅛ |
| 22 | 13½ | AMCA | n | 1.6 | 5 | 1 | 15⅝ | 15⅝ | 15⅝ | +¼ |
| 18⅞ | 13¼ | AMF | .50 | 3.0 | 151 | 229 | 16¾ | 16½ | 16½ | -⅛ |
| 41¼ | 24¼ | AMR | | | 4 | 2958 | 27⅞ | 25⅝ | 26¼ | -⅞ |
| 20⅞ | 10 | AMR | pf2.18 | 11 | | 12 | 19⅝ | 19⅝ | 19⅝ | |
| 41½ | 27½ | AMR | pf2.13 | 7.5 | | 285 | 29⅜ | 28 | 29 | -¼ |
| 25½ | 22⅞ | ANR | pf2.67 | 11 | | 8 | 23¼ | 23¼ | 23¼ | |
| 16⅝ | 8½ | APL | | | 4 | 7 | 10⅛ | 10 | 10 | -¼ |
| 55⅝ | 40¼ | ARA | 2.10 | 4.1 | 10 | 328 | 51⅝ | 51⅛ | 51⅛ | +⅛ |
| 68⅝ | 44½ | ASA | 3a | 5.7 | | 378 | 53 | 52⅛ | 52½ | -1½ |
| 30¼ | 18½ | AVX | .32 | 1.3 | 16 | 43 | 25½ | 25⅛ | 25⅛ | -⅛ |
| 53⅝ | 38¼ | AbtLab | 1.28 | 2.8 | 15 | 1398 | 47 | 46¼ | 46⅝ | -⅛ |
| 35⅛ | 23¼ | AccoWd | .68 | 1.9 | 20 | 108 | 34⅝ | 33⅞ | 33⅞ | -1 |
| 27¼ | 12½ | AcmeC | .40 | 2.7 | | 121 | 15⅞ | 14⅞ | 15 | +¼ |
| 12⅞ | 8¼ | AcmeE | .32b | 3.3 | 15 | 15 | 9¾ | 9½ | 9⅝ | +⅛ |
| 24⅞ | 11 | AdmDg | .04 | .2 | 9 | 70 | 18⅛ | 16¼ | 16¼ | |
| 18⅛ | 15 | AdaEx | 2.11e | 13 | | 48 | 16½ | 16¼ | 16¼ | +¼ |
| 18⅞ | 11⅞ | AdmMl | .28 | 1.9 | 10 | 52 | 15⅛ | 14½ | 14⅞ | -⅛ |
| 22 | 13½ | AdvSys | .811 | 4.5 | 17 | 169 | 18¼ | 17¼ | 17⅞ | -¼ |
| 41⅛ | 25⅛ | AMD | | | 22 | 1898 | 39⅛ | 38¼ | 38⅞ | -½ |
| 17⅞ | 7⅛ | Advest | .12 | 1.2 | | 21 | 10 | 9⅞ | 9⅞ | |
| 20 | 9⅞ | Aeflex | | | 12 | 95 | 12½ | 12 | 12¼ | |
| 39 | 27¼ | AetnLf | 2.64 | 7.7 | 32 | 813 | 34½ | 34¼ | 34¼ | -½ |
| 58⅛ | 54 | AetL | pf5.48e | 9.7 | | 180 | 56⅞ | 56¼ | 56⅝ | -¼ |
| 34¼ | 16⅛ | Ahmns | 1.20 | 6.4 | 5 | E10 | 10⅞ | 10½ | 18⅞ | -¼ |
| 5⅞ | 2⅞ | Aileen | | | | 77 | 3⅛ | 3⅛ | 3⅛ | |
| 52 | 36½ | AirPrd | 1 | 2.1 | 11 | 348 | 47⅞ | 47¼ | 47¼ | -⅛ |
| 30⅞ | 13 | AirbFrt | .60 | 3.9 | 9 | 229 | 16¼ | 15½ | 15½ | -½ |
| 3⅞ | 1⅛ | AiMoa | s.50e | 14 | | 13 | 3⅝ | 3½ | 3⅝ | +⅛ |
| [illegible] | | | | | | | | | | |

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Continued on Page 29

اهـداء من التحصيل



# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

*Closing prices, September 4*

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

Continued on Page 30

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |
| 38 | 30½ | WhPit | pl 5 | | 15 | v20 | 32½ | 32¼ | 32½ | +1½ |
| 51⅛ | 36½ | Whrpl | 2 | 4.6 | 9 | 571 | 43⅝ | 42⅞ | 43½ | −⅛ |
| 36⅛ | 24⅞ | WhitC | 1.50 | 4.9 | 9 | 112 | 31⅛ | 30½ | 30½ | −⅝ |
| 55¼ | 17⅝ | Whtehl | | | 9 | 119 | 23⅞ | 23½ | 23¼ | −1½ |
| 33⅞ | 14½ | Whittak | .60 | 3.1 | 6 | 1867 | 19⅝ | 19¼ | 19⅝ | +⅛ |
| 10⅞ | 7 | Wiebldt | | 5.3 | | 1 | 8¼ | 8¼ | 8¼ | +⅛ |
| 30⅛ | 22½ | Willam | 1.20 | 4.0 | 6 | 2936 | 30¼ | 29¼ | 29⅞ | −⅛ |
| 13⅛ | 2¼ | WilshrEl | | | | 93 | 3 | 2⅞ | 3 | +¼ |
| 10⅞ | 6⅞ | WilshrO | .20 | 2.5 | 22 | 19 | 8 | 7⅞ | 7⅞ | |
| 34⅞ | 25¼ | WinDix | s1.68 | 5.5 | 11 | 149 | 30½ | 30 | 30½ | +⅛ |
| 21⅞ | 7⅞ | Winnbg | .10e | .9 | 12 | 711 | 11⅝ | 11½ | 11⅝ | |

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

# WORLD STOCK MARKETS

## AUSTRIA

| Sept. 4 | Price Sch's | + or — |
|---|---|---|
| Creditanstalt | 210 | -2 |
| Goesser | 322 | |
| Interunfall | 400 | |
| Laenderbank | 208 | |
| Perlmooser | 240 | -5 |
| Steyr-Daimler | 142 | -2 |
| Veitscher Mag | 215 | |

## BELGIUM/LUXEMBOURG

[illegible]

## DENMARK

| Sept. 4 | Price Kr's | + or — |
|---|---|---|
| [illegible] | | |
| Sukkerfab | 640 | |
| Danske Bank | 260 | +5 |
| East Asiatic | 187 | -3 |
| Forenede Brygg | 915 | |
| Forenede Damp | 106 | -1 |
| GNT Hldg | 490 | -50 |
| I.S.S.B. | 460 | |
| Jyske Bank | 490 | ... |
| Novo Ind. | 1,955 | -15 |
| Privatbanken | 255 | +4 |
| Provinsbanken | 315 | +2 |
| Smidth (F.) | 206 | -1 |
| Sophus Berend | 965 | |
| Superfos | 481 | |

## FRANCE

| Sept. 4 | Price Frs. | + or — |
|---|---|---|
| Emprunt 4½% 1973 | 1,697 | -1 |
| Emprunt 7% 1973 | 9,103 | -47 |
| CNE 3% | 3,565 | |
| Air Liquide | 550 | 4 |
| BIC | 445 | +1 |
| Bouygues | 657 | 3 |
| BSN Gervais | 2,065 | +10 |
| CIT Alcatel | 1,112 | -7 |
| Carrefour | 1,555 | |
| Club Mediter'n | 954 | +1 |
| CFAO | 625 | -15 |
| Cie Bancaire | 568 | +4 |
| Cofimeg | 225 | 2 |
| Darty | 995 | -1 |
| Dumez S.A. | 755 | -6 |
| Eaux (Cie Gen) | 535 | -5 |
| Elf Aquitaine | 235 | +1 |
| Gen. Occidentale | 681 | +6 |
| Imetal | 87.8 | -0.5 |
| Lafarge Coppee | 341.5 | -3 |
| L'Oreal | 2,535 | +34 |
| Legrand | 1,950 | |
| Maisons Phenix | 199 | +5 |
| Matra S.A. | 1,568 | -1 |
| Michelin B | 830 | +15 |
| Midi (Cie) | 7,662 | -48 |
| Moet-Hennessy | 1,737 | -1 |
| Moulinex | 102.5 | -0.6 |
| Nord Est | 48.6 | -0.5 |
| Pernod Ricard | 801 | -7 |
| Perrier | 506 | -5 |
| Petroles Fra. | 229 | +1 |
| Peugeot S.A. | 209 | +1.9 |
| Poclain | 55.5 | -2 |
| Printemps Au | 154.2 | -0.8 |
| Radiotech | 262 | +9 |
| Redoute | 1,125 | |
| Rousel-Uclaf | 1,475 | 98 |
| Sefimeg | 255 | |
| Skis Rossignol | 1,479 | +4 |
| Telemecanique | 1,800 | |
| Thomson CSF | 348 | 4.5 |
| Valeo | 230 | +3 |

## GERMANY

| Sept. 4 | Price Dm. | + or — |
|---|---|---|
| AEG-Telef. | 93.7 | +2.9 |
| Allianz Vers. | 890 | -7 |
| BASF | 154.5 | +0.5 |
| Bayer | 167.5 | +0.5 |
| Bayer-Hypo | 276 | +7 |
| Bayer-Verein | 311 | +1 |
| BHF-Bank | 244 | +4 |
| BMW | 384.5 | +1.5 |
| Brown Boveri | 195 | -0.5 |
| Commerzbank | 153 | +3 |
| Cont'l. Gummi | 117.6 | -3 |
| Daimler-Benz | 542 | 1 |
| Degussa | 349 | +4 |
| D'sche Babcock | 160 | +1.5 |
| Deutsche Bank | 352xr | +0.8 |
| Dresdner Bank | 155.5 | +3 |
| GHH | 158.5 | +1 |
| Hochtief | 500 | -2 |
| Hoechst | 169.6 | +0.7 |
| Hoesch Werke | 97.7 | +0.3 |
| Holzmann (P.) | 590.2 | -8.5 |
| Horten | 168 | |
| Kali und Salz | 238 | 2 |
| Karstadt | 241 | -1 |
| Kaufhof | 224 | +1.5 |
| KHD | 257 | -0.6 |
| Kloeckner | 60 | |
| Krupp | 80 | +1 |
| Linde | 364.2 | +0.2 |
| Lufthansa | 166 | -2 |
| MAN | 143.5 | +1.5 |
| Mannesmann | 146.3 | +1.7 |
| Mercedes Hld. | 453 | +0.5 |
| Metallgesell | 203 | -1 |
| Muenchen Rueck | 1045 | +35 |
| Preussag | 247 | -2 |
| Rhein West Elect | 159.5 | |
| Rosenthal | 289.5 | +1 |
| Schering | 359.9 | +2.9 |
| Siemens | 403.9 | -1.2 |
| Thyssen | 78 | -1.2 |
| Varta | 176 | +1.5 |
| Veba | 164.8 | -0.1 |
| V.E.W. | 116.1 | -0.8 |
| Verein-West | 291 | |
| Volkswagen | 175 | +2.3 |

## ITALY

| Sept 4 | Price Lira | + or |
|---|---|---|
| Banca Com'le | 16,950 | -300 |
| Bastogi-IRBS | 160 | -6 |
| Centrale | 2,042 | -19 |
| Credito Varesino | 4,075 | -29 |
| Fiat | 4,605 | -100 |
| Finsider | 39.5 | -0.5 |
| Generali Assicur | 33,890 | -510 |
| Invest | 2,600 | -20 |
| Italcementi | 50,000 | -100 |
| Montedison | 1,200 | -31 |
| Olivetti | 5,875 | -65 |
| Pirelli Co | 2,989 | -56 |
| Pirelli Spa | 1,788 | -52 |
| Snia BPD | 1,800 | -40 |
| Toro Assic. | 12,225 | -275 |
| do. Pref | 8,990 | -70 |

## NETHERLANDS

| Sept. 4 | Price Fls | + or — |
|---|---|---|
| AGF Holding | 179 | +4 |
| AEGON | 115 | -0.8 |
| Ahold | 194.6 | +0.5 |
| AKZO | 95.4 | +0.5 |
| ABN | 294.5 | -0.7 |
| AMEV | 162.5 | +0.1 |
| AMRO | 56 | -0.3 |
| Bredero Cert. | 180 | +1 |
| Bos Kalis Westm. | 21.5 | -1.5 |
| Buehrmann-Tet. | 53.8 | -0.2 |
| Calland Hldgs. | 31.4 | +0.1 |
| Credit Lyon's Bk | 52.5 | +0.5 |
| Elsevier-NDU | 95.5 | |
| Gist Brocades | 151.2 | |
| Heineken | 157.5 | -1.5 |
| Hoogovens | 55.8 | -0.3 |
| Hunter Douglas | 30.4 | +0.8 |
| Int Mueller | 37.8 | -0.7 |
| KLM | 174 | -1 |
| Naarden | 42 | +0.6 |
| Nat Ned Cert | 224.6 | -1.1 |
| Ned. Credit Bank | 40 | |
| Ned Mid Bank | 136.5 | +1.7 |
| Nedlloyd | 150 | +0.2 |
| Oce Grinten | 240.5 | +0.5 |
| Ommeren (Van) | 24.7 | -0.2 |
| Pakhoed | 58.5 | +0.5 |
| Philips | 50.9 | +0.2 |
| Rijn Schelde | 2 | +0.4 |
| Robeco | 65.2 | +0.3 |
| Rodamco | 132 | +0.3 |
| Rolinco | 62.3 | ... |
| Rorento | 203.6 | +0.3 |
| Royal Dutch | 162.8 | -1.4 |
| Unilever | 273.7 | -3.1 |
| VMF Stork | 130.6 | +1.5 |
| VNU | 160.8 | +4.3 |
| West Utr Bank | 88.3 | +1.5 |

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

## NORWAY

[illegible]

## SPAIN

[illegible]

## SWEDEN

[illegible]

## SWITZERLAND

[illegible]

## AUSTRALIA

| Sept. 4 | Price Aust $ | + or — |
|---|---|---|
| ANZ Group | 4.80 | [illegible] |
| Acrow Aust. | 1.6 | [illegible] |
| Alliance Oil Dev. | 0.94 | [illegible] |
| Ampol Pet. | 1.7 | [illegible] |
| Aust Cons Ind. | 1.86 | [illegible] |
| Aust. Guarantee | 2.87 | [illegible] |
| Aust. Nat. Inds | 2.35 | [illegible] |
| Aust. Paper | 2.3 | [illegible] |
| Bell Group | 4.4 | [illegible] |
| Bond Corp Hldgs | 1.35 | [illegible] |
| Boral | 3.74 | [illegible] |
| Bougainville | 1.75 | [illegible] |
| Brambles Inds. | 3.15 | [illegible] |
| Bridge Oil | 2.75 | [illegible] |
| B.H. Prop. | 10.55 | [illegible] |
| CRA | 5.24 | [illegible] |
| CSR | 3.18 | [illegible] |
| Carlton Utd. | 4.30 | [illegible] |
| Castlemaine Tys. | 4.50 | [illegible] |
| Coles (G.J.) | 3.98 | [illegible] |
| Comalco "A" | 2.40 | [illegible] |
| Consolidated Pet | 0.5 | [illegible] |
| Costain Aust | 1.5 | [illegible] |
| Dunlop Aust. | 1.72 | [illegible] |
| E.Z. Inds. | 6.1 | [illegible] |
| Elders IXL | 3.95 | [illegible] |
| Energy Res. | 1.53 | [illegible] |

## AUSTRALIA (continued)

[illegible]

## HONG KONG

[illegible]

## JAPAN

[illegible]

## JAPAN (continued)

[illegible]

## SINGAPORE

[illegible]

## SOUTH AFRICA

[illegible]

# OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

## LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

[illegible]

FALLS

[illegible]

Continued on Page 33

## CANADA

### TORONTO

Closing prices September 4

[illegible]

### MONTREAL

Closing prices September 4

[illegible]

# AMERICAN CLOSING PRICES

[illegible]

# NEW YORK CLOSING PRICES

Continued from Page 29

[illegible]

# AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

[illegible]

هدية من القيصل



# LONDON STOCK EXCHANGE

## MARKET REPORT

# Sterling initiates change of direction which leaves equity index down 16.8 at 838.3

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| July 30 | Aug 9 | Aug 10 | Aug 20 |
| Aug 13 | Aug 30 | Aug 31 | Sept 10 |
| Sept 3 | Sept 13 | Sept 14 | Sept 24 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

The break in the fine summer weather yesterday simultaneously brought a dark cloud over London stock markets. Leading shares were hit hard—the FT Industrial Ordinary share index dropped 16.8 to close at the session's lowest of 838.3—not by any single adverse development but a series of known influences which blue chips had stoutly resisted over past weeks.

From the opening bell, the two main investment areas traded uneasily with dealers worried about the dollar's sudden strength. Talk revived that U.S. interest rate are set to rise because economic pointers to be released shortly would show a continuation of America's fierce rate of growth.

Confusion over the on-off talks aimed at resolving the long standing miners' dispute and vague rumours that an Arab state was undercutting agreed crude oil selling levels and threatening to provoke a price war were other factors contributing to renewed weakness in sterling. The afternoon announcement of last month's rise in UK money supply figures—sterling M3 rose 0.75 per cent—was also interpreted bearishly in a market seemingly intent on gorging itself on unfavourable pointers.

Nervous selling and profit-taking developed in the early trade with jobbers gratefully taking the opportunity to lower prices and square short book positions. The shakeout deterred many potential investors but not all lost confidence and small demand from noon onwards slowed the pace of the decline, despite a dull re-opening trend yesterday on Wall Street.

Government securities were over-responsive to light offerings, particularly at the longer end of the market. Final losses here stretched to ¾ compared with falls of ⅛ among short-dated Gilts. Undated and index-linked stocks also gave ground in a market which appeared to be suffering more from lack of demand than actual selling pressure.

### Composites easier

Composite Insurances went lower with the general trend. Awaiting their respective interim statements due today, GRE declined 7 to 593p and Sun Alliance fell 6 to 586p. Royals dropped 7 to 473p and General Accident eased 4 to 453p. Commercial Union, at 186p, lost 2 of the previous day's speculative gain of 3. Life issues also gave ground with falls of 7 and 10 respectively recorded in Hambro Life, 428p, and Sun Life, 678p. Elsewhere, Allianz Versicherung replied to domestic market influences, rising 3½ to £237½.

Dealers reported a fundane session in the banking sector. Kleinwort Benson firmed 5 to 380p in response to the interim statement, while Hambros edged forward 3 to 188p. The clearers drifted lower for want of support. Lloyds eased 3 to 455p and Midland gave up 5 at 315p.

Rowland Gaunt, this week's newcomer to the Unlisted Securities Market, slipped below the placing price of 50p to close 4 down at 46p.

Disappointing beer production figures for July triggered steady selling of leading Breweries. Operators were confused by conflicting views from sector analysts and prices improved slightly towards the close. Bass were again hardest hit, falling 13 to 367p, while Whitbread, 158p, and Allied-Lyons, 149p, gave up 6 and 5 respectively. Grand Metropolitan eased 4 to 290p, and Arthur Guinness, which announced a 3p per pint increase on Monday, slipped 3 to 157p. Most regional issues gave ground in sympathy with the notable exception of Mansfield, which advanced to 397p in a thin market before settling a net 16 dearer at 390p.

Falls in the Building leaders were relatively modest. Blue Circle gave up 5 at 400p and Tarmac 6 at 454p. Elsewhere Wilson (Connolly), down 5 at 180p, encountered profit-taking following the increased interim dividend and profits. On the other hand, good first-half figures promoted a rise of 7 to 82p in D. Crouch.

Sporadic selling left ICI 10 cheaper at 608p in a dull Chemical sector.

### Dull Stores

Fading prospects of an imminent reduction in mortgage rates unsettled leading Retailers which drifted lower throughout the morning session. Prices stabilised later but losses still ranged into double-figures as in Woolworth 13 off at 535p. Gussies A fell 9 to 543p, while losses of 6 were noted for Burton, 269p, and British Home, 220p. House of Fraser eased 4 to 266p, while protagonists Lonrho gave up a similar amount at 146p; the former's eagerly-awaited annual meeting is scheduled to be held on September 28.

Sellers also held sway in second-line Stores. Our Price, 245p, Currys, 253p, and W. H. Smith A, 140p, all declined around 7, although satisfactory trading statements lifted James Beattie A, 2 to 89p, and Castors A a like amount at 72p.

Footwear counters featured Lambert Howarth, which advanced 8 to 168p in response to the 48 per cent expansion in first-half profits.

Electricals followed the lower trend, but Fidelity, up 13 at 118p, in response to Caparo Industries' bid of 120p per share cash, provided one of the few bright spots. In contrast, falls of 5 were recorded in Cable and Wireless, 535p, Eurotherm, 245p, and Telephone Rentals, 215p. Dealings were temporarily suspended in Memory Computer, at 80p, pending publication of an announcement.

Drab conditions prevailed in the Engineering sector. Leading issues to give ground included GKN, down 7 at 171p and TI, 4 lower at 230p. Birmid, the subject of persistent speculative demand recently, eased 2½ to 83p, while APV, suggested recently as a possible bid candidate, ran back 8 to 265p. Resisting the downward trend, ML Holdings advanced 12 to 335p on the announcement that Caparo Industries had acquired a 5.45 per cent stake in the company. Dealings were temporarily suspended in Acrow, at 35p with the A at 8½p, pending clarification of the company's position.

Rumoured to be on several overseas companies' shopping lists including Nestlee, Rowntree Mackintosh dropped 6 to 306p before closing 6 lower on balance at 314p following news that Nestlee had bid for Carnation in the U.S. Other speculative Food counters became much quieter after Monday's strength. J. Bibby lost 15 to 278p awaiting developments in the bid approach from Barlow Rand. Brooke Bond eased a couple of pence to 116p following the Board's rejection of Unilever's counter-offer of 114p cash per share. Tate and Lyle, the original bidders, declined 7 to 375p. Associated Dairies slipped 4 to 172p and Northern were the same amount easier at 178p. Kwik Save eased 6 to 166p and Avana fell 12 to 423p. Bio-Isolates, on the other hand, firmed 3 to 63p and Bernard Matthews put on 4 at 246p.

Strikes Restaurant moved up 2 more for a two-day advance of 24 to 88p on the bid approach. Garfunkels added 10 at 175p, but Trusthouse Forte softened a few pence to 114p.

### Metal Box lower

Occasional offerings and the absence of support made for dullness in the Miscellaneous Industrial leaders. Some recent favourites were hard hit, Metal Box losing 12 at 338p and BTR 13 at 485p. BOC, 236p, and Beecham, 343p, gave up 6 and 7 respectively. Smiths Industries fell 14 to 562p, while British Aerospace, a good market of late on hopes that GEC would soon bid, ran back 13 to 340p. Speculative counters to give ground included Cookson, 9 lower at 323p, and Blundell-Permoglaze, 6 cheaper at 180p. Disappointing interim figures left Metal Closures 6 off at 168p, while Powell Duffryn met with late selling and fell 12 to 303p. Against the trend, Ropner issues moved up in response to good interim figures, the Ordinary rising 10 to 142p and the "A" shares a similar amount to 140p. Further demand lifted Barham Group 20 more to 285p.

Well supported by Midland Investors last week on rumours that Grand Metropolitan would launch a bid of 220p per share for the company, Horizon Travel lost 6 to 175p on profit-taking. Elsewhere in the Leisure sector, Intasun cheapened a few pence to 110p.

Among subdued Motors, Automotive Products continued to react to the warning on UK profit margins and fell 4 for a two-day loss of 11 at 54p. Flight Refuelling encountered profit-taking to close 11 lower at 259p.

Quietly dull conditions prevailed in leading Properties. Land Securities lost 5 at 290p and MEPC cheapened 3 to 317p. Elsewhere, however, Daejan reflected renewed speculative support with a gain of 9 at 286p. Land Investors hardened a penny to 37p and Raglan edged forward a fraction to 7½p following their respective preliminary statements.

Textiles highlighted David Dixon which advanced 8 to 104p following the annual profits recovery, increased dividend and the confident tenor of the accompanying statement. In contrast, Coats Patons, underpinned recently by an encouraging circular from brokers de Zoete and Bevan, reacted to small selling and eased 3 to 132p; the interim statement is due on September 19.

Smith Brothers, the London stockjobbers, rose 6 to 101p in a lively business stimulated by the latest round of city mergers. Elsewhere, easier values prevailed in Financials. Exco fell 13 to 475p, while losses of 10 were common to Mills and Allen, 305p, and to R. P. Martin, 260p.

### BP lose ground

Leading domestic Oils were marked down sharply at the outset and held at the lower levels until the after-hours' trade when sizeable selling pressure from U.S. sources developed. Consequently, prices weakened afresh and BP dropped 20 to 470p ahead of the second quarter results expected tomorrow. LASMO fell away to close 17 lower at 318p in the wake of an official denial by BHP of recent reports suggesting an imminent bid for the former.

Shell gave up 12 to 633p, Ultramar 15 to 230p, Britoil 7 to 236p and Carless Capel 5 to 200p.

Tea shares made progress on consideration of the Indian Government's decision to restrict exports for the remainder of the current year: quality tea prices at Monday's London auction rose by some 15p per kilo. Eastern Produce attained a 1984 high of 220p before settling a net 7 up at 218p, while James Finlay rose 4 to 95p.

### Golds down again

Mining markets endured another rather painful session as metal prices retreated in the face on a strong showing by the dollar.

South African Golds were particularly vulnerable and lost ground for the third successive trading day. A downturn in the Rand rate encouraged further selling of Golds from Johannesburg and prices retreated for most of the day, despite light buying interest from a number of Continental sources.

The Gold Mines index posted a 21.1 fall at 540.3, extending the decline over the past three trading days to one of 29.1. Bullion was finally a net $3.75 down at $340.75 an ounce.

The weakness of bullion and gold shares undermined confidence in South African Financials. De Beers, a poor market in the past couple of weeks, came under renewed pressure and dropped 17 to 425p, while New Wits retreated 64 to a 1984 low of 386p. Gencor, due to report preliminary results on Thursday week, eased ¼ to £11½.

UK-domiciled Financials were unsettled by the weakness of domestic equities and easier metal prices. RTZ fell to 580p but rallied late to close only 3 off at 585p following a "hold" recommendation from brokers Shepperds and Chase. Consolidated Gold Fields were finally 10 cheaper at 500p and Charter Consolidated 3 off at 243p, after 240p. East Rand Consolidated, a recent speculative favourite, gave up a like amount at 50p.

Australians remained in the doldrums, mirroring the performance of metal prices. The early downturn on Wall Street prompted late selling and the majority of the leading issues closed with falls ranging to 6. CRA were a resilient market and closed a net 2 up at 340p, after 342p, following the sharply higher interim profits and dividend increase.

Steady demand throughout the list lifted total contracts transacted in Traded Options to 3,226 comprising 1,872 calls and 1,354 puts. The FTSE 100 accounted for 674 calls and 528 puts. Business should receive a further shot in the arm today following the introduction of option trading in Trafalgar House.

## FINANCIAL TIMES STOCK INDICES

| | Sept. 4 | Sept. 3 | Aug. 31 | Aug 30 | Aug. 29 | Aug 28 | Year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 79.43 | 79.84 | 79.75 | 79.75 | 79.78 | 79.65 | 79.71 |
| Fixed Interest | 82.83 | 22.93 | 25.21 | 25.21 | 83.25 | 25.21 | 22.24 |
| Industrial Ord | 838.3 | 855.1 | 253.7 | 852.5 | 849.8 | 852.4 | 714.5 |
| Gold Mines | 540.5 | 561.4 | 565.4 | 569.4 | 564.0 | 561.0 | 685.6 |
| Ord. Div. Yield | 4.90 | 4.21 | 4.82 | 4.23 | 4.84 | 4.94 | 4.74 |
| Earnings, Yld.% (full) | 11.48 | 11.28 | 11.88 | 11.31 | 11.35 | 11.67 | 9.55 |
| P/E Ratio (net) (*) | 10.47 | 10.66 | 10.65 | 10.63 | 10.60 | 10.40 | 15.04 |
| Total bargains (Est.) | 18,714 | 19,344 | 12,546 | 16,120 | 16,472 | 17,436 | 17,215 |
| Equity turnover £m. | — | 158.55 | 267.60 | 272.56 | 204.18 | 131.12 | 214.54 |
| Equity bargains | — | 16,217 | 18,683 | 17,498 | 13,820 | 15,057 | 16,165 |
| Shares traded (ml) | — | 112.8 | 164.4 | 154.8 | 112.6 | 92.7 | 125.7 |

10 am 849.2. 11 am 845.5. Noon 840.5. 1 pm 839.5. 2 pm 839.5. 3 pm 839.5.

Basis 100 Govt. Secs. 15/2/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.03.

## HIGHS AND LOWS / S.E. ACTIVITY

| | 1984 High | 1984 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs | 83.77 (9/1) | 78.72 (30/7) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 87.48 (14/3) | 80.43 (30/7) | 156.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 922.6 (3/5) | 755.3 (23/7) | 922.6 (3/5/84) | 49.4 (26/6/40) |
| Gold Mines | 711.7 (8/3) | 485.7 (11/8) | 734.7 (15/2/83) | 43.5 (26/10/71) |

| | Sept. 3 | Aug. 31 |
|---|---|---|
| Daily Gilt Edged Bargains | 114.3 | 115.4 |
| Equities Bargains | 102.5 | 121.0 |
| Value | 867.5 | 341.3 |
| 5-day Average Gilt Edged Bargains | 110.4 | 105.8 |
| Equities Bargains | 108.2 | 98.2 |
| Value | 407.4 | 426.5 |

## NEW HIGHS AND LOWS FOR 1984

### NEW HIGHS (25)

BANKS (2): Grindlays; Cie Bancaire
ELECTRICALS (1): Philips Fin 5¾pc Cnv Ln '81 94
ENGINEERING (3): Brom Engineering; Spirax-Sarco; ML Hldgs
FOODS (1): Matthews (B.)
HOTELS (1): Strikes Restaurants
INDUSTRIALS (8): Brammer; Eastern Produce; Gripperrods; Jourdan (T.); Ramco Oil; Ropner; Ropner A; Unilever N.V.
INSURANCE (1): Allianz Versicherung
PAPER (1): [illegible]
PROPERTY (1): Daejan
TRUSTS (4): [illegible]
PLANTATIONS (1): Williamson Tea

### NEW LOWS (36)

[illegible]
... Johnston Group; Oy Wartsila
LEISURE (1): Intervision Video
MOTORS (1): Herman Smith
NEWSPAPERS (1): Assoc Newspapers
SOUTH AFRICANS (1): Messina
TRUSTS (1): Centreway Trust
OILS (3): Bristol Oil & Minerals; London American Energy N.V.; Sceptre Oil
MINES (10): Egoli Cons; Grootvlei; Marievale; South African Land; Venterspost; Anglovaal; New Wits; Vogels; Whim Creek; Eastern Transvaal Cons

## BR reservation plan announced

RAIL PASSENGERS to or from King's Cros, London, will have to reserve seats on all overnight trains from October 1.

Many existing overnight services, including the "Night Rider" trains, already have mandatory seat reservation requirements.

Seat reservation applications will be accepted up to one hour prior to departure of the train from its originating station. Anyone joining without a reservation may pay the £1 fee to the guard provided an empty seat is available.

## RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

[illegible] capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖ Allotment letters (or fully-paid). ‖‖ Introduction. ≑ Unlisted Securities Market. § Placing price. ‡ Units comprising 6 Ord. £1 nom 12 per cent Cnv.Uns.Ln. 95/2000.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 1 | 100 | 3 |
| Corpns. Dom. and Foreign Bonds | 3 | 13 | 62 |
| Industrials | 133 | 427 | 853 |
| Fin. and Props. | 42 | 154 | 331 |
| Oils | 15 | 36 | 72 |
| Plantations | 6 | 1 | 11 |
| Mines | 10 | 91 | 79 |
| Others | 8 | 25 | 206 |
| Totals | 219 | 847 | 1,617 |

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| British Aerospace | 340 | −13 |
| BP | 470 | −20 |
| De Beers Defd. | 425 | −17 |
| Hanson Trust | 225 | −9 |
| LASMO | 318 | −17 |
| Mansfield Brewery | 390 | +16 |
| Metal Box | 338 | −12 |
| RTZ | 585 | −3 |
| Ropner | 142 | +10 |
| Rowntree Mackintosh | 214 | −6 |
| Smith Bros. | 101 | +6 |
| Vaal Reefs | £78⅞ | −2⅛ |

## OPTIONS

| First Deal-ings | Last Deal-ings | Last Declara-tion | For Settle-ment |
|---|---|---|---|
| Sept 10 | Sept 21 | Dec 6 | Dec 17 |
| Sept 24 | Oct 5 | Dec 20 | Dec 31 |
| Oct 8 | Oct 19 | Jan 3 | Jan 14 |

For rate indications see end of *Share Information Service.*

Call options were taken out in Johnson and Firth Brown, Atlantic Resources, Barker and Dobson, Benford Concrete Machinery, Regentcrest, C. H. Bailey, Davy International, Allied Plant, Jonas Woodhead, Eglinton Oil and Gas, North Kalgurli, Midland Bank, Bula, Sound Diffusion and Crystalate. No puts or doubles were reported.

## MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No of changes | Mon. close | Day's change |
|---|---|---|---|
| RHM | 15 | 83 | +5½ |
| Reuters B | 12 | 254 | +9 |
| Bibby (J.) | 11 | 293xd | +66½ |
| GEC | 11 | 212 | — |
| Bailey (C. H.) | 10 | 24½ | +1 |
| Com Union | 10 | 188 | +3 |
| ICI | 10 | 618 | +4 |
| Avana | 9 | 435 | −1 |
| BP | 9 | 490 | −2 |
| Memory Cmptr | 9 | 80 | +5 |
| NatWest Bank‡ | 9 | 270pm | — |
| Polly Peck | 9 | 225 | −10 |
| Shell Trans | 9 | 645 | — |
| Thorn EMI | 9 | 417 | −2 |

‡ Nil-paid

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

## FIXED INTEREST

[illegible]

## EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 17,750

A=Ask B=Bid C=Call P=Put

## LONDON TRADED OPTIONS

[illegible]

Sept. 4. Total Contracts 3,226. Calls 1,872. Puts 1,354.
* Underlying security price.

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

| 1984 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | "Shorts" (Lives up to Five Years) | | | | |
| 105¾ | 101⅝ | Treas. 15pc 1985 | 103 | –⅛ | 14.71 | 10.44 |
| 102¼ | 100 | Exch. 12pc Cnv. '85 | 102 | –⅛ | 11.91 | 10.63 |
| [illegible] | [illegible] | Treas. 3pc 1985 | 94⅞ | | 3.16 | 10.65 |
| [illegible] | [illegible] | Treas. 11½pc 1985 | 100 | –⅛ | 11.42 | 10.56 |
| [illegible] | [illegible] | Treas. 8½pc Cnv '85 | 98¼ | –⅛ | 8.91 | 10.66 |
| [illegible] | [illegible] | Exch. 12¼pc 1985 | 101 | –⅛ | 12.09 | 10.92 |
| 103 | [illegible] | Exch. 11¼pc '86 | 100 | –⅛ | 11.67 | 11.18 |
| 102 | [illegible] | Treas. 10pc Cnv 1986 | 95½ | –⅛ | 10.19 | 11.37 |
| 91 | [illegible] | Treas. 3pc 1986 | 90 | –⅛ | 3.31 | 9.03 |
| 102 | [illegible] | Exch. 10½pc Cv. '86 | 95 | –⅛ | 10.65 | 11.36 |
| 104 | [illegible] | Treas. 12pc 1986 | 100 | –⅛ | 11.92 | 11.51 |
| [illegible] | [illegible] | Treas. 8¼pc 1984-86 | 95 | –⅛ | 8.39 | 11.18 |
| 108 | 102 | Exch. 14pc 1986 | 104 | –⅛ | 13.43 | 11.65 |
| [illegible] | 85 | Exch. 2½pc 1986 | 86 | | 2.88 | 9.28 |
| 107 | 100 | Exch. 13¼pc 1987 | 103 | –⅛ | 12.86 | 11.68 |
| 100 | [illegible] | Treas. 10¼pc Cv '87 | 96 | –⅛ | 10.57 | 11.69 |
| [illegible] | [illegible] | Exch. 2½pc 1987 | 85 | –⅛ | 2.93 | 9.35 |

### Five to Fifteen Years

### Over Fifteen Years

### Undated

### Index-Linked

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

### Building Societies

### Public Board and Ind.

### Financial

## FOREIGN BONDS & RAILS

## AMERICANS

| 1984 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 36⅝ | 26⅞ | Abbott Labs | 36½xd | | $1.20 | — | 2.5 |
| 24⅝ | 11⅝ | Ahmanson (H.F.) | 24½ | | $1.20 | — | 6.4 |
| [illegible] | [illegible] | Alcoa $1 | 27⅝ | | $1.20 | — | 3.4 |
| 39½ | 21⅝ | Allied Corp $1 | 25 | | $1.80 | — | 5.3 |
| 18¼ | 13¾ | Amax $1 | 17 | | 20c | — | 0.9 |
| 10¼ | 731p | Amdahl 5c | 943p | | 20c | — | — |
| [illegible] | 10⅝ | Amer. Express $0.60 | 25½ | | $1.29 | — | 3.9 |
| 20¼ | 14½ | Amer. Medical Int $1 | 20½ | | 48c | — | 1.8 |
| 27½ | 20⅝ | Amer. Nat. Res. $1 | 27½ | | $1.41 | — | 3.9 |
| 14⅞ | 10⅝ | American T. & T. $1 | 14⅝ | | $1.20 | — | 6.3 |
| 56⅝ | 43½ | Ameritech $1 | 56¼ | | $6.00 | — | 8.2 |
| 21½ | 15½ | Amfac | 17¾ | | $1.44 | — | 6.2 |
| 27p | [illegible] | AmeTech | 27p | | — | — | — |
| 16½ | 10¼ | BankAmerica $1⅝ | 12¼ | | $1.52 | — | 9.2 |
| 36¼ | 27½ | Bankers N.Y. $10 | 36½ | | $2.45 | — | 5.2 |
| 58 | 46½ | Bell Atlantic $1 | 57⅝ | | $6.40 | — | 8.5 |
| 24 | 19½ | BellSouth $1 | 23⅞ | | $2.60 | — | 8.4 |
| 20⅞ | 12⅞ | Beth Steel $8 | 34⅜ | | 60c | — | 3.1 |
| 16½ | 11 | Bowater Inc. | 16¼ | | 072c | — | 3.4 |
| 31½ | 19⅝ | Brown'g Fer. 16⅔c | 29 | | 90c | — | 2.5 |
| 27¼ | 16⅝ | Brunswick Corpn | 27½xd | | 80c | — | 2.3 |
| 29⅞ | 24¼ | CPC Intnl 25c | 29⅞xd | | $2.20 | — | 5.8 |
| 50⅝ | 39½ | Campbell Soup 60c | 47½ | | $2.30 | — | 3.7 |
| 36½ | 25⅞ | Caterpillar Tractor | 29⅝xd | | $1.50 | — | 3.9 |
| 36⅞ | 27¼ | Chase M'hat $12.5 | 32⅝xd | | $3.65 | — | 8.7 |
| 24 | 17¼ | Chemical New York | 21 | | $2.36 | — | 8.6 |
| 29½ | 22⅞ | Chesebrough-Pond's $1 | 27¼xd | | $1.92 | — | 5.4 |
| 23½ | 15½ | Chrysler $6¼ | 22¼ | | 60c | — | 2.1 |
| 27¼ | 19⅞ | Citicorp $4 | 26⅝ | | $2.06 | — | 6.0 |
| 32 | 21⅞ | City Inv. $1.25 | 31⅞ | | $2.00 | — | 4.8 |
| 18⅝ | 14⅝ | Colgate-P. $1 | 15xd | | $1.28 | — | 5.5 |
| 24⅝ | 17 | Cons. Foods $1⅓ | 24⅝xd | | $1.30 | — | 4.1 |

## CANADIANS

## BANKS, HP & LEASING

### Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BEERS, WINES—Cont.

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

For Tomkins F.H. see Industrials

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

هكذا من الأصل



## INDUSTRIALS—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 95 | 65 | Marley | 72 | −1 | †3.2 | 2.5 | 6.3 | 8.1 |
| 98½ | 40 | Marling Ind. 10p | 53 | −1½ | d3.0 | 5.6 | 3.5 | 6.2 |
| 46 | 29 | Marshall L'xy. 'A' | 39 | −1 | 1.2 | 5.6 | 4.4 | (7.0) |
| *54 | 57 | Marshall's Univ | 44 | −2 | H1.75 | — | 5.7 | 13.2 |
| 30 | 20 | Martin-Black | 22# | ..... | — | — | — | — |
| £108 | £88 | Mathesons 7¼% | £95 | ..... | Q7¼% | 2.3 | 18.2 | — |
| 378 | 287 | Metal Box £1 | 338 | −12 | 15.0 | 3.0 | 6.3 | 5.7 |
| 220 | 129 | Metal Closures | 168 | −6 | 6.3 | 2.3 | 5.4 | (9.3) |
| 27 | 13 | Metal Sciences 7½p | 16 | ..... | — | — | — | — |
| 19 | 8 | Metamec Jentique | 10½ | −½ | 0.01 | — | — | — |
| 133 | 83 | Midland Marts | 92 | ..... | 4.0 | 1.8 | 6.2 | 11.6 |
| 64½ | 45 | Mitchell Cotts | 58 | ..... | 3.62 | 1.0 | 8.9 | (15.4) |
| 29 | 13 | Mobro Grp 1p | 14 | ..... | 0.5 | 2.5 | 5.5 | (8.8) |
| 168 | 132 | Morgan Crucible | 162 | +1 | 7.5 | 1.2 | 6.6 | (16.4) |
| 18½ | 13½ | Morris (W) Fine Arts | 17½ | −1 | bg0.25 | 4.0 | 2.0 | 16.0 |
| 95 | 80 | Moss (Robt.) 10p | 93 | −1 | 2.5 | 2.9 | 3.8 | 11.3 |
| 330 | 197 | NMW Computers | 275 | ..... | 6.0 | 3.0 | 3.1 | 15.3 |
| 65 | 45 | Nash Inds. | 50 | ..... | 4.0 | 2.2 | 11.4 | 5.8 |
| 47 | 30 | Neill & Sp'ncer 10p | 36 | ..... | — | — | — | 15.5 |
| 33 | 16 | Newman Industs | 21 | ..... | — | — | — | (11.8) |
| 31 | 16½ | Do. 10pc Cm. Cnv. Pf. | 20 | ..... | 50% | — | 7.1 | — |
| 67 | 43½ | Nolton | 50 | ..... | 1.0 | 2.0 | 2.9 | 17.6 |
| 175 | 132 | Norcros | 158 | −2 | 7.5 | 2.4 | 6.8 | 8.5 |
| 86 | 59 | Nu-Swift 5p | 62 | −2 | — | — | — | 32.1 |
| 100 | 50 | Oakwood Grp. | 65 | ..... | ‡d6.5 | — | ‡ | — |
| 190 | 145 | Office & Elect | 163 | +1 | 7.5 | 2.8 | 6.6 | 7.3 |
| 875 | 700 | Oriflame Intl SA | 775 | ..... | Q53c | 2.2 | 5.3 | 8.6 |
| 46 | 25 | Ovenstone 12½c | 27 | −3 | Q4.5c | 2.2 | 8.5 | 5.3 |
| £146 | £120 | Ozalid Fin. Cv. | £134 | ..... | Q9% | — | 16.0 | — |
| 190 | 155 | PCT Grp 10p | 155 | ..... | bg4.8 | ♦ | 4.3 | ♦ |
| £12½ | £11½ | PLM 'B' Sk 25 | £11½ | −½ | Q20% | — | 4.0 | 7.0 |
| 62 | 45 | Pacific Sales 10p | 45 | ..... | b2.4 | 2.2 | 7.6 | (6.0) |
| 207 | 148 | Parker Knoll 'A' | 152 | +1 | 8.5 | 5.0 | 8.0 | 5.7 |
| 265 | 197 | Pauls | 219 | −1 | 0.5 | 2.8 | 5.5 | 8.0 |
| 590 | 403 | Pearson | 575 | ..... | 14.0 | 2.7 | 3.5 | 13.2 |
| 55 | 21 | Peek Holdings | 22 | ..... | — | — | — | — |
| 107 | 89 | Peerless | 92xd | −1 | [illegible] | ♦ | 9.8 | ♦ |

## INSURANCES

## LEISURE

## LEISURE—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net |
|---|---|---|---|---|---|
| 38 | 9 | Nimslo Int 20c | 11 | −1 | — |
| *137 | 104 | Norton Opax 10p | 120 | −3 | Gd3.0 |
| 31½ | 14¼ | Owners Abroad | 15½ | +¼ | 0.75 |
| 66 | 35 | Photax (Lon.) | 45 | −1 | — |
| 29½ | 20 | P'dilly Radio NV 5p | 20 | ..... | b1.88 |
| 130 | 73 | Pineapple Dnc St 10p | 75 | ..... | d1.5 |
| 420 | 285 | Pleasurama 5p | 317 | ..... | 6.5 |
| 16 | 10¾ | Pers Entertain 10p | 16 | ..... | bg0.4 |
| 158 | 75 | Radio City 'A' NV | 75 | ..... | 5.6 |
| 70 | 55 | Radio Clyde N/V | 55 | ..... | 3.0 |
| 148 | 48 | Riley Leisure 10p | 57 | ..... | 4.2 |
| 118 | 94 | Saga Hols. 20p | 103xd | ..... | †3.75 |
| 390 | 290 | Samuelson Grp £1 | 365 | −10 | d12.0 |
| 27½ | 19 | Sangers Photo 10p | 20 | ..... | bg1.25 |
| 164 | 98 | Scott. TV 'A' 10p | 158 | ..... | 8.1 |
| 335 | 186 | SeaCo Inc $0.125 | 296 | ..... | — |
| 35 | 16 | SelecTV 10p | 18 | ..... | — |
| 140 | 115 | Spectrum 5p | 123 | −2 | b2.0 |
| 37 | 24 | TSW 5p | 30 | ..... | 1.2 |
| 150 | 79 | TVS N/Vtg 10p | 139 | −1 | †2.0 |
| 30 | 22 | Television Svcs 10p | 27 | −1 | g0.2 |
| 90 | 60 | Tottenham Hotspur | 65 | −1 | d2.3 |
| 161 | 120 | Trid'nt TV 'A' 10p | 155 | ..... | †5.5 |
| 168 | 100 | 21st Century Dsl. | 135 | ..... | — |
| 197 | 135 | Tyne Tees TV 'A' £1 | 155 | ..... | 8.25 |
| 83 | 53½ | Ulster TV N/V 'A' | 78 | ..... | h4.0 |
| 25½ | 17 | Webb (Jos.) 5p | 24 | ..... | d0.51 |
| 98 | 88 | Zetters 5p | 91 | −1 | †3.1 |

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

| 1984 High | Low | Stock | Price | + or − | Div Net |
|---|---|---|---|---|---|
| 76 | 33 | BL 50p | 36 | −2 | — |
| 66 | 50 | Coleman Milne 10p | 60 | ..... | ϕ1.7 |
| 255 | 227 | Gen. Mts. Units | 227 | ..... | Q12c |
| 464 | 294 | Honda Motor Y50 | 434 | −3 | Q23% |

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING ADVERTISING

## PROPERTY

## PROPERTY—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 74 | 52 | McInerney 10p | 60 | ..... | Q76.9% | 5.0 | 10.6 | 2.9 |
| 160 | 130 | McKay Secs 20p | 152xd | −3 | 4.2 | ♦ | 3.9 | ♦ |
| 122 | 109 | Morland Secs 5p | 122s | ..... | ϕd2.0 | 0.3 | 2.4 | — |
| 280 | 210 | Mountleigh | 250 | ..... | †h4.58 | 3.5 | 2.6 | 11.9 |
| 323 | 228 | Mountview 5p | 323 | ..... | 4.5 | 9.5 | 2.0 | 7.5 |
| 88 | 72 | Mucklow (A. & J.) | 73 | ..... | 4.5 | 1.5 | 8.8 | (11.3) |
| 85 | 74 | New Cavendish 5p | 75 | ..... | h0.91 | — | 1.7 | — |
| 37 | 19 | New England Props 5p | 26 | ..... | 1.0 | 1.5 | 5.5 | (15.1) |
| 37 | 28 | Parrdale Hldgs. 10p | 33 | ..... | 0.9 | 2.0 | 3.9 | 17.3 |
| 220 | 184 | Peachey | 220 | ..... | †6.0 | 1.9 | 3.9 | 19.3 |
| 288 | 208 | Peel Hldgs. | 288 | ..... | 7.35 | ♦ | 5.7 | ♦ |
| 28 | 17 | Phoenix Prop. and Fin. | 21 | ..... | — | — | — | ♦ |
| 610 | 310 | Priest Marians £1 | 480 | ..... | B— | — | — | — |
| 112 | 84 | Prop. Hldg. & Inv | 111 | −1 | h2.25 | 1.5 | 2.9 | 32.6 |
| 320 | 275 | Prop. Part'ship. | 320 | ..... | 7.0 | 1.8 | 3.1 | 28.6 |
| 194 | 166 | Prop. & Rev. | 190 | ..... | 3.7 | 1.3 | 2.8 | 37.0 |
| 134 | 111 | Prop. Sec. Inv 50p | 131 | ..... | 2.25 | ♦ | 2.5 | ♦ |
| 11 | 7¼ | Raglan Prop 1p | 7¾ | +½ | 0.09 | ♦ | 1.4 | ♦ |
| 94 | 64 | Regalian | 80 | ..... | 2.5 | 3.6 | 4.5 | 8.9 |
| 29 | 19 | Regentcrest 10p | 25 | −1 | §1.0 | 1.1 | 5.7 | 22.0 |
| 225 | 170 | Rohan Group 10p | 190xd | ..... | Q16.2% | 1.9 | 8.1 | 10.1 |
| 533 | 297 | Rosehaugh £1 | 525 | −8 | 2.87 | 5.1 | 0.8 | 28.2 |
| 264 | 204 | Rush & Tompkins | 214 | −4 | 7.25 | 2.2 | 4.8 | 10.6 |
| 157 | 131 | Samuel Props. | 155 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS—Cont.

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 224 | 180 | Equity Cons'l £1 | 201 | ..... | 10.33 | 1.4 | 7.3 |
| 381 | 330 | Do. Dfd. 50p | 348 | ..... | 12.25 | 0.9 | 5.0 |
| 123 | 105 | European Assets DFl1 | 119 | ..... | ‡Q10% | 1.2 | † |
| 84 | 70 | F & C Alliance Inv | 82 | ..... | 1.6 | 1.1 | 2.8 |
| 37½ | 27½ | F & C Ent Tst 10p | 30½ | ..... | 0.09 | 1.0 | 0.4 |
| 117 | 90 | F & C Eurotrust | 99 | ..... | 1.6 | ♦ | 2.3 |
| 134 | 116 | F & C Pacific Inv. T. | 134 | ..... | †3.5 | — | 3.7 |
| 188 | 162 | Family Inv. Tst. | 574 | ..... | 6.6 | 1.0 | 5.4 |
| 300 | 270 | Fashion & Gen. | 300 | ..... | 12.0 | 1.0 | 5.7 |
| 12½ | 9 | First Charlotte Assets | 9 | ..... | 0.05 | 1.7 | 0.0 |
| 224 | 195 | First Scot. Am. | 223xd | −1 | †6.0 | 1.0 | 3.0 |
| 245 | 180 | FUGIT R0.25 | 185 | −5 | †Q16.5c | 1.4 | 4.4 |
| 24 | 16 | Fledgeling Japan 1c | 19 | ..... | — | — | — |
| 25 | 13 | Do. Warrants | 50 | ..... | | | |
| 428 | 344 | Fleming American | 426 | −2 | 4.25 | 1.3 | 1.4 |
| 119 | 99 | Do. 7pc Cv. Ln. 1999 | 119 | +½ | Q7% | — | 15.9 |
| 224 | 185 | Fleming Claverhouse 50p | 206 | ..... | 17.5 | 1.0 | 5.2 |
| 220 | 180 | Fleming Enterprise | 206 | ..... | 7.3 | ♦ | 5.1 |
| 314 | 228 | Fleming Far Eastern | 260 | ..... | 2.0 | 1.1 | 1.1 |
| 106 | 83 | Fleming Fledgeling | 90xd | ..... | H2.25 | 1.0 | 3.6 |
| 517 | 392 | Fleming Japanese | 445 | +1 | 5.0 | ♦ | 1.0 |
| 103 | 90 | Fleming Merc. | 100xd | −3 | 2.8 | 1.1 | 4.0 |
| 298 | 246 | Fleming Overseas Tst. | 292 | −2 | 7.0 | ♦ | 3.4 |
| 150 | 119½ | Fleming Tech. Inv. | 135 | −1 | 2.2 | 1.0 | 2.3 |

### Finance, Land, etc

## OIL AND GAS

## OIL AND GAS—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 277 | 193 | Britoil | 236 | −7 | 10.0 | 3.1 | 6.1 | 7.7 |
| 36 | 17½ | Brunswick A$1 | 31 | +½ | — | — | — | — |
| 715 | 205 | Bryson Oil Gas 20p | 300 | ..... | — | — | — | — |
| 55 | 17 | Bula Res Ir£0.25 | 22 | −1 | — | — | — | — |
| 200 | 161 | Burmah £1 | 190 | −1 | 9.75 | 2.0 | 7.3 | 8.3 |
| £81½ | £71½ | Do. 8½ Ln. 91/96 | £74¼ | −¼ | Q8½% | 18.2 | 13.1 | — |
| 320 | 226 | Caledonian Off £1 | 255 | ..... | — | — | — | — |
| 385 | 265 | Cambridge Pet 20p | 355 | ..... | — | — | — | 66.0 |
| 247 | 190 | Carless Capel 10p | 208 | −5 | 2.75 | 1.5 | 2.0 | 41.7 |
| 70 | 55 | Century 10p | 64 | ..... | 3.5 | 1.9 | 7.8 | 9.1 |
| 84 | 49 | Charterhall 5p | 66 | −1 | g0.3 | ♦ | 0.6 | ♦ |
| 167 | 513 | Charterhouse Pet. | 139 | −2 | 0.75 | 3.4 | 0.8 | 39.7 |
| 15 | 6 | Churchill Energy | 50½ | +¼ | — | — | — | — |
| £24½ | £14⅞ | Cie Fr. Petroles B | £19⅝ | ..... | v30% | — | 6.6 | — |
| 138 | 91 | Claremont Pet NI | 120 | ..... | — | — | — | — |
| 110 | 60 | Cluff Oil £1 | 70 | −3 | — | — | — | — |
| 115 | 75 | Do. Cnv. A | 75 | ..... | — | — | — | — |
| 40 | 57 | Do. Warrants 'B' | 25 | ..... | — | — | — | — |
| 150 | 95 | Clyde Petroleum | 112 | ..... | 0.91 | 3.8 | 1.2 | 27.6 |
| 10½ | 4 | Command Pet. N.L. | 6 | ..... | — | — | — | — |
| 100 | 75 | Conroy Pet Nat Res | 85 | ..... | — | — | — | — |
| 240 | 128 | Crusader Oil | 163 | −2 | — | — | — | — |
| 36 | 20 | Dorset Res C$1 | 34 | ..... | — | — | — | — |

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum



## MINES—Continued

### Central African

### Australians

### Tins

### Miscellaneous

## NOTES

## REGIONAL & IRISH STOCKS

## OPTIONS — 3-month call rates

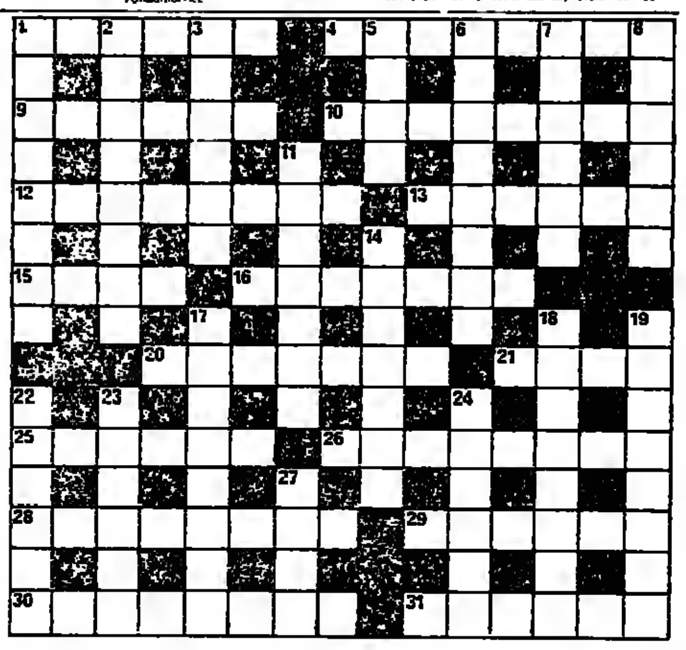
"Recent Issues" and "Rights" Page 35

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

## INSURANCES

## F.T. CROSSWORD PUZZLE No. 5,509



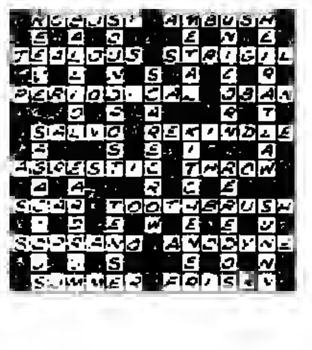
### ACROSS

1 Remove the paper from something a Parisian stole (6)
4 Induce team to rewrite about four — (8)
9 — just for one record (6)
10 Reveals drama in Norfolk town (8)
12 Leave Ted to move when promoted (8)
13 Notice he has the soldiers' stick (6)
15 Became stiff (4)
16 Capacity missing in Europe, for instance (7)
20 New video the pair are first to afford (7)
21 Depressed sportsman (4)
25 If not American, Len's about to enter (6)
26 Note date arranged and set off (8)
28 Judge, sitting in the grass, recovered (8)
29 Backing past (6)
30 An opening for musicians (8)
31 He has to put up with someone (6)

### DOWN

1 A European firm that's tottering (8)
2 The German declined to go outside and spoke incoherently (8)
3 A small sum of money at sea (6)
5 Vi, in the middle of the party, stood up for a poet (4)
6 Disrespectful and rash, the redhead leaves (8)
7 Jack, on another date, got less (6)
8 Followed a girl into the last section (6)
11 Bad lovers need sweetheart with determination (7)
14 Carefully designed stamp the boss brought round (7)
17 View a likely customer (8)
18 An excuse to croon which is giving people pleasure (7)
19 The advocate may be back on the field (8)
22 Quota possibly about right for the size of book (6)
23 Promise to put piano on shelf (6)
24 Rub Leo of a bodice (6)
27 Display open hostility around the capital of Ethiopia (4)

### Solution to Puzzle No. 5,508



# INSURANCE, OVERSEAS & MONEY FUNDS

**Liberty Life Assurance Co Ltd**
Station Rd, New Barnet. 01 440 8210
Fund Managers: Touche Remnant & Co

| | | | | |
|---|---|---|---|---|
| Sel Ser A | [illegible] | [illegible] | | — |
| Blue Chip | [illegible] | [illegible] | | — |
| Fixed Yield | [illegible] | [illegible] | | — |
| Guaranteed Mny | [illegible] | [illegible] | | — |
| Managed | 18 7 | [illegible] | | — |
| International | [illegible] | [illegible] | | — |
| Property | 15 5 | [illegible] | | — |
| Pacific | [illegible] | 20 4 | | — |
| Equity | 14.0 | [illegible] | | — |
| Special Sits | [illegible] | [illegible] | | — |
| Int Currency | 13 1 | 14 1 | | — |
| Index Linked Secs | 10 6 | [illegible] | | — |
| American | 17.3 | [illegible] | | — |

**Life Assur. Co. of Pennsylvania**
8, New Rd, Chatham, Kent. Medway 812348

| | | | | |
|---|---|---|---|---|
| LACOP Units | 12 49 | 14.17 | | — |

**Lloyds Life Assurance**
20, Clifton St, EC2A 4HX. 01-920 0202

| | | | | |
|---|---|---|---|---|
| Multi Gwth August 6 | 12 637 | | | — |
| Multi Gwth 'A' Aug 6 | 242 3 | 255.1 | | — |
| Op 8 Prop Aug 30 | 255.0 | 268.5 | | — |
| Op 8 Equity Sep 4 | 315 1 | 331 7 | −1 0 | — |
| Op 8 Hy Aug 30 | [illegible] | 273 8 | | — |
| Op 8 Man 3Aug 30 | 312 6 | [illegible] | | — |
| Op 8 Dep Sept 4 | 197.8 | 206.2 | +0.1 | 11.77 |
| Op 8 IM Bond Aug 30 | 168.5 | 177.4 | | — |
| Op 8 Inc Dist Aug 30 | [illegible] | 140 7 | | 8 90 |
| Op 8 HY Man Aug 30 | [illegible] | [illegible] | | — |
| Op 8 US$ Aug 30 | [illegible] | 191 [illegible] | | 17 12 |
| Pens B Pr Ac Aug 31 | [illegible] | [illegible] | | — |
| Pens B Eq Ac Aug 31 | 871 3 | [illegible] | | — |
| Pens B FI Ac Aug 31 | [illegible] | [illegible] | | — |
| Pens B MO Ac Aug 31 | 542.1 | 370 9 | | — |
| Pens B Dp Acc Aug 31 | 307 4 | [illegible] | | — |
| PensBGart Glob Aug 31 | [illegible] | 103 | | — |
| Pens B Gart MA Aug 31 | 106 0 | 111 | | — |
| PensBGart Pllr Aug 31 | [illegible] | 100 | | — |

For Pension Capital Units please ring extension 519

**Britannia Funds—Series A**

| | | | | |
|---|---|---|---|---|
| Am Smaller Co's Aug 29 | 151 3 | 158 8 | | — |
| Am Spec Sits Aug 29 | 149 4 | 157 3 | | — |
| Commodity Aug 29 | 78.4 | 82 6 | | — |

**National Provident Institution**
48, Gracechurch St, EC3P 3HH. 01-623 4200

| | | | | |
|---|---|---|---|---|
| Managed | [illegible] | [illegible] | −0 5 | — |
| UK Equity | 188 9 | [illegible] | [illegible] | — |
| Overseas Eq | 180 9 | 195.4 | +0.4 | — |
| American | 185 8 | [illegible] | +0 9 | — |
| Far East | 169 1 | 170 1 | −0 1 | — |
| Property | [illegible] | 116 4 | | — |
| Fixed Int. | 154.7 | 162.9 | −0 3 | — |
| Indexed Gilt | 97 0 | 102 [illegible] | | — |
| Deposit | 111 6 | 117.5 | +0.1 | — |

**Pension Fund Prices**

| | | | | |
|---|---|---|---|---|
| Man Initial | 177 9 | 187 3 | −0 7 | — |
| Man Acc. | 195.7 | 206.0 | −0.7 | — |
| UK Eq. Initial | 176 1 | 185 4 | −1 6 | — |
| UK Eq. | 191.0 | 201.0 | −1.7 | — |
| Overseas Eq. Initial | 200 2 | 210 8 | +0 4 | — |
| Overseas Eq. | 277.4 | 239.4 | +0.5 | — |
| American Initial | 199 6 | 210 2 | +1.1 | — |
| American | 217.3 | 228.8 | +1.3 | — |
| Far East Initial | 210.9 | 222.0 | −0.2 | — |
| Far East | 230.1 | 242.3 | −0.3 | — |
| Prop. Initial | 105.7 | 111 3 | | — |
| Prop. | 115.0 | 121.1 | | — |
| Fixed Int. Initial | 138.3 | 145 6 | −0.3 | — |
| Fixed Int. | 150.1 | 158.0 | −0.3 | — |
| Indexed Gilt Initial | 91.8 | 96 7 | | — |
| Indexed Gilt | 100.0 | 105.3 | | — |
| Deposit Initial | 110.2 | 116 0 | +0.1 | — |
| Deposit | 120 0 | 126.7 | | — |

**NPI Pensions Management Ltd.**

| | | | | |
|---|---|---|---|---|
| Managed Fund | 485 8 | 497 4 | | — |

Prices Sept 3. Next dealing October 1.

**New Zealand Sth. Brit. Insce. PLC**
Maitland House, Southend SS1 2JS 0702 62955

| | | | | |
|---|---|---|---|---|
| Kiwi Key (Managed) | 333.9 | 344 2 | | — |
| UK Equity | 147 9 | 155 7 | +1.3 | — |
| American | 248.9 | 267 0 | +0 7 | — |
| Pacific | 347 0 | 361 3 | +0.1 | — |
| Property | 150.4 | 158 4 | +0 1 | — |
| Gilt | 170.3 | 179 3 | −0.1 | — |
| High Inc. Equity | 140 8 | 148.2 | +0.5 | — |
| High Inc. Fxd. Int. | 102 8 | 108 3 | −0 9 | — |
| Deposit | 147.0 | 154 7 | | — |
| Index-Linked Gilt | 98.7 | 187.9 | −0.3 | — |

**Norwich Union Insurance Group**
PO Box 4, Norwich NR1 3NG. 0603 22200

## OFFSHORE AND OVERSEAS

## Money Market Trust Funds

## Money Market Bank Accounts

**NOTES**

# COMMODITIES AND AGRICULTURE

## Ministry flooded by dairy farmers seeking aid

BY ANDREW GOWERS

BRITAIN'S Agriculture Ministry has been inundated with requests for special treatment and golden-handshakes by dairy farmers following imposition of EEC milk-production curbs.

The Government yesterday said more than 20,000 milk-producers in England and Wales—almost exactly half the total—had applied for revised production quotas to take account of distortions in output last year, or of previously laid plans to boost output.

About 4,350 farmers, or 10 per cent of the total, representing production of about 1bn litres, have also applied for financial compensation under the Government's so-called "outgoers" scheme. This set aside £50m to aid producers wishing to give up herds.

The ministry had expected many applications but the stampede to obtain special treatment or to quit dairy-farming has surprised it.

Under the milk production quotas, agreed last March by a Community desperate to staunch spending on its butter mountain, Britain must cut output this marketing year by 6.5 per cent overall.

To give itself leeway to handle special cases, such as farmers whose production was depressed by disease or disaster last year, the Government called on all farmers to cut output by 9 per cent.

The Government, which faces a mountain of paperwork, will certainly be unable to meet farmers' claims in full, even if some are arbitrarily rejected.

Likewise appeals for aid undert he outgoes scheme — which if accepted would remove almost three times the amount of capacity intended — will have to be scaled down.

The ministry said yesterday there was no question of increasing the sum available. It may decide to aid small producers first. Clearly some farmers have applied both for special treatment and financial aid, so some cancelling out will occur.

Sir Richard Butler, National Farmers Unionpresident, said the figures were depressing but not unexpected. They illustrated the widespread dislocation imposed on the dairly industry by quotas.

## Fall in price of farmland continues

FARMLAND PRICES in England and Wales continued to fall in July, according to figures issued yesterday by the Ministry of Agriculture.

The weighted average price, allowing for ares and size group variations in the sample, for vacant possession land changing hands in the three months ended July was £4,869 a hectare, down from £4,996 in the three months ended June.

The average peaked at £5,274 a hectare in the February-April quarter before uncertainty engendered by imposition of EEC milk-production quotas and fears of similar action on grains prompted a gradual slide in values.

● WORLD SUGAR production in 1984-85 will exceed consumption by about 1m tonnes, trade house E. D. & F. Man said in its monthly report. It put production at 96.97m tonnes, up 1.83m from 1983-84.

The expected output rise reflects recovery in Southern African, Oceanic and West European crops with gains in South Africa, Australia and the EEC totalling about 2.07m tonnes.

● WORLD COPRA production in 1984-85 (October-September) is likely to rise by almost 1m tonnes to 4.7m tonnes from an estimated 10-year low of 3.8m this season, said Oil World, the Hamburg-based newsletter.

● FREEPORT MINERALS has increased its Tampa, Florida, price for dark sulphur by $7.50 to $147.50 a ton fob terminal.

● INDIAN COTTON production is likely to rise to between 8.2m and 8.5m 170-kg bales in 1984-85 from about 7.5m in 1983-84, Gujarat State Co-operative Cotton Federation said.

● GUJARAT'S Co-operative Cotton Federation asked the Indian Government not to import cotton in 1984-85 because stocks were sufficient to meet domestic demand.

● INDIAN GOVERNMENT plans to restrict tea exports for the rest of 1984 to 215m kg are welcome because they will help ensure good prices for Indian tea on world markets, the Tea Association of India said. The limits are intended to result in lower domestic prices.

## Vegetable oils may be in surplus

BY JOHN BUCKLEY

WORLD VEGETABLE-OIL prices could be on the brink of a slide as supplies of soys, rape and palm rise faster than expected, say European dealers.

In spite of preoccupation with Chicago's soyabean "weather market" most traders believe the crop will be big, coinciding with record and near-record crops of rival oilseeds. Buyers sense the market's vulnerability where pressure to sell has built for several reasons.

A main cause of instability is speed of recovery in Malaysian palm-oil production after last year's 500,000-tonne fall to 3m tonnes. It was not until this first half that the decline began to bite on palm-oil exports.

These fell by 17 per cent as Malaysia lost sales to the Soviet Union, India, Pakistan, South Korea and several Middle and Far East customers.

Private origin forecasts put Malaysian crude palm oil production at more than 340,000 tonnes in June, rising to 385,000 in July, 405,000 in August and 400,000 in September. Based on seasonal patterns, annual output should nudge or exceed the 1982 record. Recapturing peak export figures, however, may be difficult.

Dealers note Malaysian palm oil has led most of the big sell-offs in the vegetable oil complex in recent years as production raced ahead of demand.

Recently, refined palm oil was offered at an origin f.o.b. discount of about $60 to $80 a tonne against crude soyabean oil in the U.S.

Refined palm oil not only costs less to burden but is also offered in rising array of "fractions," i.e. oleins, stearins and hydrogenated oils and other derivatives which can be tailored to requirements.

This versatility secured thousands of tonnes of exports for Malaysia in diverse and unusual markets.

In the Indian and Pakistani markets for vanaspati (hydrogenated cooking oil), palm poses its most direct challenge to soys, with which it can be blended. Ten years ago Indian palm imports for food use were unknown: last year they totalled 600,000 tonnes.

Palm may also attack the European market. This has fluctuated in recent years as origin swung towards exporting the value-added refined products, cutting out supplies of crude to the EEC.

In the UK catering was a main contraction area, though palm has kept its hold in industrial frying fats for manufactured foodstuffs.

In all Europe demand fell steeply last year as prices rose and more rapeseed oil became available. This year palm has regained UK sales. If prices drop in the autumn, dealers expect it to displace more liquid oils in formulations.

If European rapeseed crops reach recent higher estimates an extra 200,000 tonnes to 240,000 tonnes of rapeseed oil will be going for a larger share of the margarine market, displacing 1.3m tonnes of soyabean equivalent.

Europe will export more rapeseed oil and is believed to have accounted for much of last week's Indian autumn shipment purchases.

With price of rising importance in Third World countries' choice of oil imports soya may face competition keener in the 1984-85 season starting on October 1. Traders expect Malaysia to redouble efforts to sell more palm after the recent financial collapse of Socoil Corporation, one of her largest refiners.

Not only palm and rapeseed may unseat soys. Most vegetable oilseeds are reaping humper crops, including sunflowers and cottonseeds. Much of the rise in sunflower output is concentrated in Europe—France, Italy and Spain—and a large slice in the U.S., which traditionally sells seed to Europe.

Spain's olive oil glut has forced her to export sunseed to avoid a domestic sunoil surplus.

Coconut oil recently fell by nearly a third in value to about $1,00 a tonne. Dealers expect copra production in the Philippines to improve in the next two seasons as high-yielding varieties come on stream. Some traders, however, say insatiable U.S. demand for copra will underpin the market.

Groundnut oil prices could come under pressure from cheaper sunflower oil. A severe contraction has occurred in French imports—71,000 tonnes in January-June against 112,000 a year earlier—proving prices are simply too expensive for this, the largest consumer.

The Chicago market's attempts to secure higher ground look hazardous, therefore, especially since crushers there have relied heavily on dear oil for profits.

Only renewed drought in the Midwest could threaten the upsurge in autumn supplies. In a few weeks the soyabean crop will be safe. Recent inventory figures show U.S. soyabean oil stocks have fallen slower than expected, seen in weaker futures prices.

Traders repeatedly say last season's bull market for vegetable oils was based on theoretical consumption patterns which failed to show. The market must now find its stability between the exhorbitant bighs of last winter and tha uneconomical lows of the pre-drought era.

On this mix of factors, that may take many months. Few, however, would say the market has an unrivalled chance to resume historical consumption-growth trends.

## Penang tin market to be replaced by Kuala Lumpur from October

BY WONG SULONG IN KUALA LUMPUR

THE PRESENT Penang physical tin market, which sets the daily Straits tin price, will be replaced by the planned new Kuala Lumpur market (KLTM) effective from October 1, Datuk Paul Leong, Malaysian Minister of Primary Industries, said yesterday.

Datuk Leong said Malaysian miners, and eventually other miners, would benefit from the switch to the KLTM where tin will be traded on an open-cry system in a wider market.

The present Penang market is operated by the two smelters and prices are fixed by matching daily offerings with bids; miners are paid the lowest striking price of the day.

Originally Malaysia had also planned for tin futures to be traded on the Kuala Lumpur Commodity Exchange this year but had to postpone this indefinitely until the KLCE recovers from the palm oil crisis.

The KLTM, which will be located next to the KLCE at the Daya Bumi complex, is now open for membership to tin-smelters, mining companies and tin-traders. Membership is expected to be limited to 30.

Until tin prices recover Malaysian tin only will be allowed to be traded on the KLTM so as not to strain the financial resources of the International Tin Council buffer stock which is expected to be the main buyer. The price range of the International Tin Agreement is based on Malaysian price levels so the buffer stock has to support the market there.

Our Commodities Editor writes: Tin prices rose on the London Metal Exchange yesterday, reflecting the decline in the value of sterling against the Malaysian dollar and a squeeze on immediately available supplies.

Standard grade cash tin closed £107.5 up at £9,460 a tonne, while the three months quotation closed £79.5 higher at £9,271.

The buffer stock controls the hulk of tin stocks available to the market and is, therefore, in a strong position to push London values higher to move closer to the Penang market levels.

The drop in sterling failed to prevent lead prices tumbling for the second successive day. Cash lead closed £12 down at £319 a tonne. Market fears of a cut in U.S. lead-producer prices was confirmed later when Asarco cut its domestic selling price by 2 cents to 24 cents a pound. Asarco also reduced its copper selling price by 1 cent to 63 cents a pound.

## Korean farms flooded

FLOODS have swamped over 70,000 hectares of South Korean farmland in the past four days and caused widespread destruction of rice crops due for harvest this month, the Government said in Seoul.

## Frost reduces Brazil's coffee crop by 6%

RIO DE JANEIRO — Brazil's 1985 coffee crop will be about 6 per cent smaller than expected because of frost damage at the end of last month in the southern coffee belt, according to the Parana state Agriculture Department.

Sn Nair Campos, an agronomist, said in Curitiba, the state capital, that 1.4bn to 1.5bn 60-kg bags, or 28 per cent of the state's expected harvest, had been lost.

Frosts on August 25-26 severely damaged buds on flowering trees that would produce beans for next year's harvest. The 1984 crop had been picked and was unaffected.

Parana is the third most important coffee-producing state, with a pre-frost crop estimate of 5m 60-kg (132-lb) bags in 1985, or 20 per cent to 25 per cent of Brazil's total production.

News of the frost sent coffee prices up sharply on New York and London commodity exchanges.

The cold weather has, however, dissipated and prices have declined. The country's weather bureau has forecast continuing mild temperatures in the coffee zone.

AP

## UK wheat offers continue

FINANCIAL TIMES REPORTER

POOR EXPORT potential, low prices in local markets and record crop predictions continue to spur heavy wheat offers into UK intervention, grain traders said yesterday.

The volume of wheat being registered at Home-grown Cereals Authority regional offices has reached unprecedented levels. Feed and bread wheat offers amounted to just over 46,000 tonnes on Monday, bringing the total since the start of the season on August 1 to 317,800 tonnes.

## Alcan and unions in agreement

MONTREAL—Alcan Aluminium signed a three-year labour deal with the union representing 7,500 Quebec smelter-workers. It signed a separate deal with the union representing 570 other workers at its Shawinigan, Quebec, plant. The deals leave one contract only, with employees at its company-owned railway, remaining to be agreed. Reuter

## PRICE CHANGES

| In tonnes unless stated otherwise | Sept. 4 1984 | + or − | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £1100 | | £1100 |
| Free Mkt | $1085/1115 | −20 | $1165/175 |
| Copper | | | |
| Cash h Grade | £1086.5 | −1 | £1002 |
| 3 mths | £1056.75 | −0.5 | £1025.75 |
| Cash Cathode | £1048 | −4 | £1006 |
| 3 mths | £1058 | −3 | £1093 |
| Gold troy oz | $340.75 | −5.75 | $343.5 |
| Lead Cash | £319 | −12 | £353.5 |
| 3 mths | £327.75 | −11.75 | £355.5 |
| Nickel | £5333 | +131 | £5208 |
| Free Mkt | 211/231c | | 208/228c |
| Palladium oz | $136.50 | −3.50 | $136.00 |
| Platinum oz | $397.00 | −6.75 | $333.25 |
| Quick Silver† | $300/310 | | $305/315 |
| Silver troy oz | 556.05p | −4.70 | 563.85p |
| 3 mths | 570.35p | −4.00 | 578.20p |
| Tin cash | £9460.5 | +107.5 | £9615 |
| 3 mths | £9350.0 | +79.5 | £9439.5 |
| Tungsten | $85.49 | | $88.55 |
| Wolfram 22.04lb | $81/84 | | $76/80 |
| Zinc | £616 | +5.5 | £640 |
| 3 mths | £614.75 | −0 | £643.5 |
| Producers | $990 | | $990 |

| | Sept. 4 1984 | + or − | Month ago |
|---|---|---|---|
| **Oils** | | | |
| Coconut (Phil) | $1050y | +30 | $1335 |
| Groundnut | ‡ | | ‡ |
| Linseed Crude | ‡ | | ‡ |
| Palm Malayan | $690w | +10 | $670 |
| **Seeds** | | | |
| Copra Phil | $600y | | $730 |
| Soyabean (U.S.) | $266 | −1 | $263.3 |
| **Grains** | | | |
| Barley Fut. Nov. | £108.00 | −0.50 | £109.55 |
| Maize | ‡ | | £149.50 |
| Wheat Fut. Nov. | £106.70 | −0.80 | £110.20 |
| No2 Hard Wint. | ‡ | | ‡ |
| **Other commodities** | | | |
| Cocoa ship't* | £1953.0 | −25 | £2024 |
| Futures Dec. | £1862.5 | −13 | £1076 |
| Coffee Ft. Nov. | £2443.5 | +18 | £2977 |
| Cotton A index | 74.55c | | 77.55c |
| Gas Oil Oct. | $234.5 | +0.75 | $232.75 |
| Rubber (kilo) | 64p | +0.5 | 65p |
| Sugar (raw) | $119.50v | −1 | £86 |
| Wooltops 64s | 468p kilo | | 464p kilo |

‡ Unquoted. w Oct. v Sept-Oct. y Oct-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

## LONDON OIL

### SPOT PRICES

| | Latest | Change + or − |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | |
| Arabian Light | 27.75-27.80 | −0.07 |
| Dubai Fateh | 27.25-27.40 | −0.10 |
| Arab Heavy | 26.95-27.05 | — |
| North Sea (Forties) | 27.70-27.80 | −0.05 |
| North Sea (Brent) | 27.80-28.60 | +0.05 |
| African Bonny L't | 28.57 | +0.07 |
| PRODUCTS—North West Europe ($ per tonne) | | |
| Premium gasoline | 263-270 | — |
| Gas Oil | 230-255 | −1 |
| Heavy fuel oil | 176-179 | — |

### GAS OIL FUTURES

The gas oil market moved lower on the opening but a short-covering rally lifted it a dollar from the lows. Arbitrage buying kept prices steady during the afternoon, reports Premier Man.

| Month | Yest'day's close | + or − | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| Sept. | 230.50 | +0.25 | 230.75-28.50 |
| Oct. | 234.50 | +0.75 | 234.50-33.00 |
| Nov. | 238.00 | +1.25 | 238.00-36.25 |
| Dec. | 241.75 | +1.75 | 241.75-40.25 |
| Jan | 243.00 | +3.00 | 243.00-40.75 |
| Feb. | 239.00 | −0.50 | 239.50-38.00 |
| March | 237.00 | −3.00 | 237.00 |
| April | 234.00 | +1.00 | — |

Turnover: 1,797 (1,482) lots of 100 tonnes.

## GOLD MARKETS

Gold fell $3½ to $340½-341 on the London bullion market yesterday. The metal also opened at $340½-341, and was fixed at $341.75 in the morning, and $341.20 in the afternoon. Gold touched a high of $342-$342½, and a low of $339½-$340.

In Paris the 12½ kilo gold bar was fixed at FFr 98,750 per kilo ($342.96 per ounce) in the afternoon, compared with FFr 98,550 ($342.33) in the morning, and FFr 99,400 ($346.86) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,180 per kilo ($342.96 per ounce), against DM 32,430 ($347.68 per ounce), and closed at $341-$341½ compared with $344½-$344¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $341.20 per ounce, against $345.00.

In Zurich gold finished at $340½-$341, compared with $344½-$344¾.

### LONDON FUTURES

| Month | Yest'days close | + or − | Business Done |
|---|---|---|---|
| | $ per troy ounce | | |
| Sept. | — | — | — |
| Oct. | 343.00 | — | 348.00-43.00 |
| Dec. | 350.00-50.50 | −4.20 | 352.00-49.40 |
| Feb. | — | — | — |
| April | — | — | — |
| June | — | — | — |
| Aug | — | — | — |

Turnover: 301 (121) lots of 100 troy ounces.

| | Sept. 5 | | Sept. 4 | |
|---|---|---|---|---|
| Gold Bullion (fine ounce) | | | | |
| Close | $340½-341 | (£262¼-262¾) | $344¼-344¾ | (£264¼-264¾) |
| Opening | $340½-341 | (£262½-263) | $346½-347 | (£266-266½) |
| Morning fixing | $341.75 | (£263.452) | $340.20 | (£264.881) |
| Afternoon fixing | $341.20 | (£263.577) | $344.50 | (£264.348) |

Gold and Platinum Coins Sept. 3

| | | | | | |
|---|---|---|---|---|---|
| Krugrnd | $351½-352¼ | (£272-272½) | King Sov | $81-83½ | (£62¾-63¾) |
| ½ Krug. | $181-182 | (£140-140¾) | Victoria Sov | $81-83½ | (£62¾-63¾) |
| ¼ Krug. | $92½-93¼ | (£71½-72) | French 20s | $66-66¾ | (£50¾-51½) |
| 1/10 Krug. | $38¾-39¾ | (£30-30¾) | 50 Pesos Mex | $420½-424½ | (£326¾-328½) |
| Mapleleaf | $351¼-352 | (£271¾-272¼) | 100 Cor Aust | $334-337 | (£258½-260½) |
| New Sov. | $80½-81 | (£62¼-62½) | $20 Eagles | $510-540 | (£394½-417¾) |
| ½ New Sov. | $48-49 | (£37-38) | Noble (Plat.) | $335¼-340 | (£260-263) |

## EUROPEAN MARKETS

ROTTERDAM, Sept 4.

Wheat—(U.S. $ per tonne): U.S. two soft red winter Sept 154, Oct 156, Nov 158.50, Dec 160. U.S. two northern spring 14 per cent protein Aug 176, Oct 172, Nov 174.50, Dec 176. U.S. northern spring 15 per cent protein Sept 169, Oct 151, Nov 194. U.S. three hard amber durum Aug 20/Sept 10 194, Oct 193, Nov 196, mid-Nov/mid-Dec 199, April/May 206. Canadian one western amber durum Oct 211, Nov 213, Nov, Dec 213.

Soyabeans—(U.S. $ per tonne): U.S. Sept 220, Oct 252.30, Nov 251.90, Dec 254.10, Jan 258.50, Feb 263, Mar 266.40, April 269 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent Oct 173, Oct/Dec 175, Nov/Mar 177 sellers. Pellets Brazil afloat 162, Sept 167, Oct 177, Oct/Dec 183, Nov/Mar 197 sellers. Pellets Argentina afloat 158, Sept 160, Oct 164, Oct-Dec 173 sellers.

PARIS, Sept. 4.

Sugar—(FFr per tonne): Oct 1400/1405, Dec 1470/1475, Mar 1535/1540, May 1571/1575, Aug 1630/1645, Oct 1670/1690.

Cocoa—(FFr per 100 kg): Sept 2268/2270, Dec 2150/2154, Mar 2090/2095, May 2085 bid, July 2095 bid, Sept 2100 bid, Dec 2110 bid.

## BRITISH COMMODITY PRICES

### BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. The weakness of sterling boosted TIN to £9385 and NICKEL to £3737.5 but LEAD continued under pressure and dipped to £324 before closing the late kerb at £330, following renewed and heavy chartist and computer selling. ZINC dipped to £606 amid rumours of imminent producer price cuts but rallied to end the day at £615 while ALUMINIUM recovered from £803 to close only marginally down on the day at £822. COPPER dropped to £848 in initial trading but responded to a steady opening on Comex and closed at £1056.5.

### COPPER

| COPPER | a.m. Official | + or − | p.m. Unofficial | + or −† |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 1028-.5 | −10.5 | 1036-7 | −1 |
| 3 months | 1048-.5 | −10.7 | 1058.5-7 | −.5 |
| Settlem't | 1028.0 | −10.5 | — | — |
| Cathodes | | | | |
| Cash | 1041-2 | −10 | 1047-9 | — |
| 3 months | 1055-7 | −5.5 | 1057-9 | — |
| Settlem't | 1042 | −10 | — | — |

Amalgamated Metal Trading reported that in the morning Three months Higher Grade traded at £1056, 55.5, 55, 54, 53.5, 54, 54.5, 54, 53, 52, 51, 51.5, 52, 52.5, 53, 54, 53.5, 53, cash £1029, 28.5, three months £1052, 50, 50.5, 50, 49.5, 49, 48.5. Cathodes: Cash £1041, 42. Kerb: Higher Grade: Three months £1049.5, 50, 49. Afternoon: Higher Grade: Three months £1052, 52.5, 53, 53.5, 53, £1055, 55.5, 56, 57, 56, 55.5, 56, 56.5. Kerb: Higher Grade: Three months £1056, 56.5, 56, 57, 57.5, 55. Turnover: 32,050 tonnes. U.S. Producers: 65.00-69.00 cents per pound.

### TIN

| TIN | a.m. Official | + or − | p.m. Unofficial | + or −1 |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 9445-50 | +115 | 9455-65 | +107 |
| 3 months | 9265-90 | +7 | 9375-80 | +82 |
| Settlem't | 9365 | — | — | — |
| Standard | | | | |
| Cash | 9435-7 | +100 | 9455-60 | +107 |
| 3 months | 9355-30 | +90.5 | 9350-1 | +79 |
| Settlem't | 9437 | +102 | — | — |
| Straits E. | $28.15 | | — | — |

Tin—Morning: Standard: Three months £9315, 10, 15, cash £9435, three months £9320, 30. High Grade: Three months £9340, 50, cash £9430, 45, three months £9360. Kerb: Standard: Three months £9335, 40. Afternoon: Standard: Three months £9350, 40, £9345, 50. Higher Grade: Three months £9380, 75. Kerb: Standard: Three months £9350, 52, 55, 50. Turnover: 2,065 tonnes.

### LEAD

Lead—Morning: Three months £332, 31, 30, 30.5, 31, 30.5, cash £322. Three months £331, 30, 29, 28.5, 30, 30.5. Kerb: Three months £331, 30, 29, 28, 27, 27.5. Afternoon: Three months £327, 29, 28, 29, 28.5, 29, 28.5, 27, 25, 24.5, 24, 24.5, 26, 27, 27.5, 28, 29. Kerb: Three months £328, 29, 30. Turnover: 31,700 tonnes. U.S. Spot: 26.0-32.00 cents per pound.

### ZINC

### ALUMINIUM

| Alumin'm | a.m. Official | + or − | p.m. Unofficial | + or −† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 797-.5 | −15.7 | 793-.5 | −8.25 |
| 3 months | 811-.0 | −14.2 | 817.5-8 | −5 |

Aluminium—Morning: Three months £814, 13, 12, cash £788, 87, 87.5, three months £811, 12, 12.5, 13, 13.5, 12.5, 12, 11.5, 11. Kerb: Three months £812, 11, 10, 11. Afternoon: Three months £818, 15, 14, 15, 14.5, £816, 16.5, 16, 17, 16.5, 17. Kerb: Three months £815, 17, 16, 19, 19.5, 20, 21, 22, 21.5. Turnover: 23,075 tonnes.

### NICKEL

| NICKEL | a.m. Official | + or − | p.m. Unofficial | + or −† |
|---|---|---|---|---|
| Spot | 3615-20 | −22.5 | 3630-40 | +29.5 |
| 3 months | 3710-2 | −30 | 3755-8 | +27.5 |

Nickel—Morning: Three months £3705, 10, 15, 20, £3720, 15, 12. Afternoon: Three months £3710, 20, £3730. Kerb: Three months £3725, 30, 35, 40. Turnover: 630 tonnes.

### METALS WEEKLY

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse: 2,480-2,550.

BISMUTH: European free market, min. 99.99 per cent, $ per pound, tonne lots in warehouse: 5.00-5.55.

CADMIUM: European free market, min. 99.95 per cent, $ per pound, in warehouse: ingots 1.33-1.38, sticks 1.34-1.39.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse: 10.95-11.05.

MERCURY: European free market, min. 99.99 per cent, $ per flask, in warehouse: 300-310.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per pound Mo, in warehouse: 3.70-3.75.

SELENIUM: European free market, min. 99.5 per cent, $ per pound, in warehouse: 0.65-10.00.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit $WO_3$, cif: 81-83.

VANADIUM: European free market, min. 98 per cent $V_2O_5$, $ per pound $V_2O_5$, cif: 2.38-2.42.

### SILVER

Morning: Large 1st ring three months 572; 2nd ring three months 573, 72.5. Kerb: large three months 573. Afternoon: large 1st ring three months 570; 2nd ring three months 569, 68. Kerb: large three months 569.

### COCOA

Futures remained featureless, trading in a limited range, and closed near the lows of the day. Nearby physical offtake stayed fairly strong, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Sept. | 2078-79 | −10.5 | 2100-73 |
| Dec. | 1862-63 | −13.0 | 1874-50 |
| March | 1797-99 | −4.5 | 1811-95 |
| May | 180-102 | −5.5 | 1808-00 |
| July | 1805-07 | −0.0 | 1810-06 |
| Sept. | 1808-12 | −4.0 | 1815-12 |
| Dec. | 1810-30 | −11.0 | 1820 |

Sales: 2,871 (1,225) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily prices for August 31: 106.97 (108.61); five-day average for Sept 3: 100.24 (105.36).

### COFFEE

Outing a quiet opening commission house selling produced losses of £6-9 in nearby contracts, reports Drexel Burnham Lambert. Strong trade and dealer support around the lows together with lower sterling encouraged a gradual rise of £10-15 by midday. A disappointing New York opening prompted a further decline but values rallied again towards the close.

| COFFEE | Yesterd'ys Close | + or − | Business Done |
|---|---|---|---|
| Sept. | 2396-97 | +8.5 | 2400-65 |
| Nov. | 2445-43 | +18.0 | 2443-10 |
| January | 2344-48 | +3.5 | 2355-33 |
| March | 2302-04 | +4.5 | 2315-95 |
| May | 2165-69 | +2.5 | 2172-65 |
| July | 2130-45 | — | 2148 |
| Sept. | 2100-08 | −3.5 | 2180-15 |

Sales: 2,271 (2,068) lots of 15 tonnes.

ICO indicator prices (U.S. cents per pound) for August 31: Comp daily 1979 149.16 (148.38); 15-day average 145.10 (144.63).

### GRAINS

The markets gradually eased during the day to close at the lows on a lack of buying interest against heavy heavy country merchant selling, reports Murpeco.

| Mnth | WHEAT Yesterd'ys close | + or − | BARLEY Yesterd's close | + or − |
|---|---|---|---|---|
| Sept. | 103.50 | −0.80 | 104.85 | −0.25 |
| Nov. | 106.70 | −0.80 | 108.00 | −0.50 |
| Jan | 110.50 | −0.86 | 111.25 | −0.55 |
| Mar. | 113.50 | −0.85 | 114.30 | −0.55 |
| May | 110.05 | −0.85 | 117.20 | −0.45 |
| July | 119.10 | −0.80 | — | — |

Business done—Wheat: Sept 103.90-3.40, Nov 107.30-6.75, Jan 110.95-10.45, Mar 113.95-3.45, May 117.05-6.50, July 15.50-9.10. Sales: 394 lots of 100 tonnes.

### POTATOES

### RUBBER

PHYSICALS—The London market opened unchanged, attracted very little interest throughout the day and closed dull, reports Lewis and Peat. Closing prices (buyers): Spot 64.00p (63.50p); Oct 74.50p (75.00p); Nov 75.50p (76.50p). The Kuala Lumpur Sept fob prices for RSS No 1 was 217.5 (216.5) cents a kg and for SMR 20 was 205.5 (same).

FUTURES—Close (buyer, seller, business). £ per tonne. RSS No 1. Oct 645, 700, nil; Nov 655, 720, nil; Dec 665, 740, nil; Jan 675, 685, 680-675; Feb 685, 705, nil; Mar 760 seller only; April 780 seller; May 800 seller; June 820 seller; 1984 Oct/Dec 660, 670, nil; 1985 Jan/Mar 685, 705, nil; 1985 April/June 800 seller. Sales: 3 (0) lots of 5 tonnes, 0 (1) lots of 15 tonnes.

### INDICES

FINANCIAL TIMES

| Sept. 3 | Aug. 31 | M'th ago | Year ago |
|---|---|---|---|
| 293.08 | 294.18 | 289.64 | 301.77 |

(Base: July 1 1952 = 100)

REUTERS

| Sept 4 | Sept 3 | M'th ago | Year ago |
|---|---|---|---|
| 1870.1 | 1871.0 | 1874.0 | 1016.5 |

(Base: September 18 1931 = 100)

MOODY'S

| Aug 31 | Aug. 30 | M'th ago | Year ago |
|---|---|---|---|
| 1001.3 | 1006.0 | 1007.5 | 1080.1 |

(Base: December 31 1931 = 100)

DOW JONES

| Dow Jones | Aug. 31 | Aug. 30 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 130.79 | 130.57 | 127.46 | 145.17 |
| Fut | 128.76 | 129.26 | 124.10 | 151.06 |

(Base: December 31 1974 = 100)

### SOYABEAN MEAL

The market opened £1 lower in very active trading conditions, reports T. G. Roddick. The main feature was heavy shipper trading which pushed the market lower.

| | Yestday's close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| October | 124.50-26.50 | −2.05 | — |
| Dec. | 131.80-32.00 | −3.45 | 134.50-31.40 |
| Feb. | 139.50-39.50 | −2.50 | 141.00-38.50 |
| Apr. | 140.50-41.00 | −1.55 | 142.50-40.80 |
| June | 139.50-40.90 | −1.05 | — |
| August | 145.50-44.00 | −1.50 | 144.00 |
| October | 143.00-46.50 | −1.25 | — |

### SUGAR

LONDON DAILY SUGAR—Raw sugar £93.00 ($119.50), down 50p (down 50c), a tonne for Sept-Oct delivery. White sugar $163.50, up 50c.

The market rallied to $130, basis October, before news that Thailand was offering another 70,000 tonnes ...

## AMERICAN MARKETS

NEW YORK, Sept 4.

Precious metals sold off sharply with the currencies penetrating some important support areas on the downside, reports Heinold Commodities. Copper prices declined sharply as arbitrage selling became the main force in the market and the probability of a strike by autoworkers increased. Aluminium prices collapsed

### NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 46.00 | — | — | 48.35 |
| Oct | 46.40 | — | — | 48.98 |
| Dec | 47.50 | 47.80 | 47.50 | 49.96 |
| Jan | 48.05 | 48.45 | 48.10 | 50.50 |
| March | 49.15 | 49.55 | 49.00 | 51.69 |
| May | 50.35 | — | — | 52.80 |
| July | 51.50 | 51.90 | 51.90 | 53.95 |
| Sept | 52.65 | — | — | 55.10 |
| Dec | 54.35 | — | — | 56.80 |
| Jan | 54.90 | — | — | 57.35 |

COCOA 10 tonnes, $/tonne

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 2500 | 2500 | 2480 | 2525 |
| Dec | 2305 | 2318 | 2288 | 2326 |
| March | 2252 | 2266 | 2221 | 2275 |
| May | 2270 | 2250 | 2240 | 2283 |
| July | 2273 | — | — | 2305 |
| Sept | 2285 | — | — | 2317 |
| Dec | 2326 | — | — | 2357 |

COFFEE "C" 37,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 148.46 | 49.50 | 47.50 | 49.81 |
| Dec | 145.23 | 45.70 | 44.00 | 46.85 |
| March | 143.73 | 44.25 | 42.86 | 45.75 |
| May | 142.18 | 43.15 | 41.60 | 44.16 |
| July | 141.50 | 41.60 | 40.50 | 43.00 |
| Sept | 140.18 | 49.50 | 39.75 | 41.73 |
| Dec | 138.75 | — | — | 40.38 |

COPPER 25,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 59.75 | 50.05 | 59.60 | 61.15 |
| Oct | 60.10 | — | — | 61.70 |
| Nov | 60.80 | — | — | 62.40 |
| Dec | 61.50 | 61.95 | 61.30 | 63.10 |
| Jan | 62.15 | — | — | 63.75 |
| March | 63.35 | 63.75 | 63.30 | 64.95 |
| May | 64.45 | 64.90 | 64.40 | 66.05 |
| July | 65.50 | 65.80 | 65.90 | 67.20 |
| Sept | 66.70 | 67.00 | 66.75 | 68.35 |
| Dec | 65.55 | 69.00 | 68.75 | 70.20 |

COTTON 50,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 64.02 | 64.50 | 63.90 | 64.70 |
| Dec | 69.45 | 65.71 | 69.28 | 69.94 |
| March | 67.42 | 67.65 | 67.25 | 67.55 |
| May | 69.63 | 69.00 | 68.65 | 69.16 |
| July | 69.85 | 70.20 | 89.85 | 70.35 |

SILVER 5,000 troy oz, cents/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 712.3 | 740.0 | 710.0 | 745.2 |
| Oct | 717.8 | — | — | 750.8 |
| Nov | 725.0 | — | — | 758.3 |
| Dec | 732.0 | 743.0 | 729.0 | 766.0 |
| Jan | 739.3 | 747.0 | 742.0 | 773.4 |
| March | 754.2 | 766.0 | 751.0 | 788.7 |
| May | 769.4 | 781.0 | 768.0 | 804.4 |
| July | 785.2 | 800.0 | 783.0 | 820.7 |
| Sept | 802.2 | 818.0 | 800.0 | 838.2 |
| Dec | 828.7 | 846.0 | 828.0 | 865.2 |

SUGAR WORLD "11" 112,000 lbs, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 4.74 | 4.76 | 4.50 | 4.62 |
| Jan | 6.40 | 5.40 | 5.17 | 5.25 |
| March | 5.95 | 5.96 | 5.71 | 5.80 |
| May | 6.21 | 8.22 | 8.00 | 6.08 |
| July | 6.52 | 6.53 | 6.28 | 8.35 |
| Oct | 7.01 | 7.01 | 5.78 | 6.79 |
| Jan | 7.31 | 7.37 | 7.34 | 7.11 |

### CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 63.80 | 63.67 | 63.46 | 63.60 |
| Dec | 65.27 | 65.32 | 64.87 | 64.87 |
| Feb | 65.42 | 65.45 | 65.07 | 65.16 |
| April | 66.55 | 66.75 | 66.35 | 66.30 |
| June | 67.50 | 67.50 | 67.20 | 67.37 |
| August | 69.70 | 65.70 | 65.40 | — |
| Oct | 64.40 | 64.40 | 64.10 | 64.22 |

LIVE HOGS 30,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 48.02 | 48.10 | 47.28 | 47.65 |
| Dec | 50.15 | 50.25 | 45.12 | 49.40 |
| Feb | 52.40 | 52.45 | 51.30 | 51.67 |
| April | 49.30 | 48.99 | 48.65 | 45.97 |
| June | 52.85 | 53.00 | 52.30 | 52.70 |
| July | 53.70 | 63.70 | 53.12 | 53.45 |
| August | 61.10 | 51.80 | 51.05 | — |
| Oct | 49.25 | 48.00 | 49.25 | 48.97 |
| Dec | 49.25 | 48.50 | 48.25 | — |

MAIZE 5,000 bu min, cents/56lb-bushel

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Sterling falls below $1.30

Sterling closed below $1.30 against the U.S. dollar yesterday, touching a record trading low of $1.2905 during the day. It closed at $1.2920-1.2930, a fall of 1.05c and its worst finishing level ever. A breakdown in the proposed talks between the miners and the coal board had been anticipated by many people and this alone was not a major contributory factor behind sterling's decline.

However, a renewed surge by the U.S. dollar and a reluctance by the UK authorities to use higher interest rates as a weapon to defend sterling left the market with little incentive to maintain sterling positions. It fell to DM 3.7850 against the D-mark from DM 3.7950 and Y315.0 from Y316.25. It was also lower against the French franc at FFr 11.6250 from FFr 11.64 but was unchanged against the Swiss franc at SwFr 3.1650. On Bank of England figures, its index slipped to 77.8 from 78.1, having stood at 77.9 at noon and 77.8 in the morning. There appeared to be little indication of any intervention by the Bank of England while the latest set of UK money supply figures failed to provide much stimulus in either direction.

The dollar touched a new 11½ year high against the D-mark amid fears of higher U.S. interest rates. The U.S. unit broke out of its recent trading range and breached some important chart points, generating increased speculative interest. The addition of reserves in the U.S. banking system by the Federal authorities failed to provide a brake on the dollar's rise. It closed at DM 2.9300 from DM 2.9115 and SwFr 2.4465 compared with SwFr 2.4280. It was higher against the yen at Y243.65 from Y242.75 and finished at a record high of FFr 8.9925 from FFr 8.9340. It was also at record levels against the lira and several Scandinavian currencies. On Bank of England figures, the dollar's trade weighted index rose to 137.7 from 137.2.

D-MARK — Trading range against the dollar in 1984 is 2.9320 to 2.5535. August average 2.8633. Trade-weighted index 123.1 against 128.2 six months ago.

The D-mark fell sharply against the dollar in Frankfurt yesterday. The Bundesbank sold $24.55m at the fixing, compared with $50m on Monday, and was also believed to have sold well over $100m on the open market yesterday. At the highest fixing level since February 1973 the dollar rose to DM 2.9180 from DM 2.9040. The previous 11½-year fixing peak was DM 2.9179 on August 8. A change in market sentiment seemed to be behind the sudden rise of the dollar, on expectation of higher U.S. interest rates, despite little change in Eurodollar rates yesterday. Sterling fell to DM 3.7840 from DM 3.7910 at the fixing, and the Swiss franc to DM 1.1973 from DM 1.1983. Within the EMS the French franc was unchanged at DM 32.590 per 100 francs, and the Belgian franc at DM 4.9620 per 100 francs. The Dutch guilder fell to DM 88.625 per 100 guilders from DM 88.665.

JAPANESE YEN—Trading range against the dollar in 1984 is 246.90 to 233.10. August average 242.20. Trade-weighted index 154.9 against 156.4 six months ago.

The yen lost ground to the dollar in Tokyo yesterday, with the U.S. currency closing at Y242.80, the highest level of the day, compared with Y242.10 on Monday. Selling of the dollar in the early morning pushed it down to a low of Y242.55, but the currency soon recovered, and received a boost when Singapore and Hong Kong based banks bought the dollar against the D-mark.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu September 4 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc ... | 44.9008 | 45.1056 | +0.46 | +0.46 | ±1.5447 |
| Danish Krone ... | 8.14104 | 8.13500 | −0.07 | −0.07 | ±1.6425 |
| German D-Mark | 2.24184 | 2.23869 | −0.14 | −0.14 | ±1.0642 |
| French Franc ... | 6.87456 | 6.86951 | −0.07 | −0.07 | ±1.4052 |
| Dutch Guilder ... | 2.52595 | 2.52639 | +0.02 | +0.02 | ±1.4964 |
| Irish Punt ...... | 0.72569 | 0.724799 | −0.12 | −0.12 | ±1.6699 |
| Italian Lira ...... | 1403.49 | 1382.69 | −1.48 | −1.48 | ±4.1505 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ in New York

| | Sept. 4 | Prev. close |
|---|---|---|
| Spot | $1.2955-1.2965 | $1.3080-3090 |
| 1 month | 0.10-0.11 dis | 0.11-0.12 dis |
| 3 months | 0.38-0.40 dis | 0.44-0.46 dis |
| 12 months | 2.05-2.20 dis | 2.40-2.60 dis |

Forward premiums and discounts apply to the U.S. dollar.

### THE POUND SPOT AND FORWARD

| Sept 4 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.2905-1.2980 | 1.2920-1.2930 | 0.09-0.13c dis | −1.02 | 0.38-0.43dis | −1.25 |
| Canada | 1.6750-1.6800 | 1.6760-1.6770 | 0.17-0.23c dis | −1.43 | 0.61-0.69dis | −1.55 |
| Nethlnd. | 4.2543-4.2775 | 4.2650-4.2750 | 2-1½c pm | 6.32 | 4½-4¼pm | 4.40 |
| Belgium | 76.98-76.40 | 76.30-76.40 | par-5c dis | −0.39 | 2-12c dis | −0.36 |
| Denmark | 13.72-13.77 | 13.75¼-13.76¼ | ½-1½ore dis | −0.70 | 3-3½dis | −2.96 |
| Ireland | 1.2230-1.2280 | 1.2250-1.2260 | 0.12-0.28p dis | −1.96 | 0.52-0.75dis | −2.08 |
| W. Ger. | 3.77-3.79½ | 3.78-3.79 | 2-1¾pf pm | 2.77 | 5-4½pm | 5.07 |
| Portugal | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Belgian rate is for convertible francs. Financial franc 76.70-76.80. Six-month forward dollar 0.85-0.90c dis. 12-month 2.10-2.25c dis.

### THE DOLLAR SPOT AND FORWARD

| Sept 4 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.2905-1.2980 | 1.2920-1.2930 | 0.09-0.13c dis | [illegible] | [illegible] | [illegible] |
| Ireland† | 1.0532-1.0590 | 1.0532-1.0539 | 0.14-0.04c dis | [illegible] | [illegible] | [illegible] |
| Canada | 1.2955-1.2990 | 1.2985-1.2990 | 0.02-0.04c dis | [illegible] | [illegible] | [illegible] |
| Nethlnd. | 3.2927-3.3080 | 3.3060-3.3080 | 1.71-1.68c pm | [illegible] | [illegible] | [illegible] |
| Belgium | 58.77-59.10 | 59.00-59.10 | 4-2c pm | [illegible] | [illegible] | [illegible] |
| Denmark | 10.61-10.65 | 10.64½-10.65 | 1-½ore pm | [illegible] | [illegible] | [illegible] |
| W. Ger. | 2.9125-2.9320 | 2.9295-2.9305 | 1.73-1.68pf pm | [illegible] | [illegible] | [illegible] |
| Portugal | 152.25-153.00 | 152.50-153.00 | 170-470c dis | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 59.35-59.40.

### OTHER CURRENCIES

* Selling rates.

### CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### CURRENCY RATES

*CS/SDR rate for Aug 31: 1.31898.

### EXCHANGE CROSS RATES

### EURO-CURRENCY INTEREST RATES (Market closing rates)

Asian $ (closing rates in Singapore): ... month 11¹³⁄₁₆-11¹⁵⁄₁₆ per cent; three months 11¹⁵⁄₁₆- ... 13½ per cent; three years 13¼-13⅜ per cent; four ... dollars and Japanese yen: others two days' notice.

## FINANCIAL FUTURES

# Prices drift

Prices drifted lower on the London International Financial Futures Exchange yesterday. The key to price movements was fear of higher U.S. interest rates in the fourth quarter of the year, and the downward trend also reflected the very high level of the dollar on the foreign exchanges. Despite recent figures pointing to a slowdown in U.S. economic growth, and a record U.S. trade deficit in July the dollar has not been sold on any scale, and with the return of U.S. traders after the Labor Day holiday showed a very firm trend.

Eurodollar futures were quiet, but the price for December delivery fell to 87.84 from 87.88, after trading within a narrow range of 87.83 to 87.86.

U.S. Treasury bonds for September also recorded little volume, closing at the day's low of 65-18, after opening at the high of 65-27, unchanged from the previous close.

September gilts opened weak at 105-12, reflecting trends in U.S. credit markets and concern about the weakness of sterling against the dollar. News that talks between the National Coal Board and miners' leaders were not to take place added an air of gloom to trading, while the UK August money supply figures were regarded as mildly disappointing. The September contract fell below a resistance level of 105, and continued on down to a low of 104-10, before closing at 104-15, compared with 105-17 on Monday.

### LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 88.30 | 88.32 | 88.27 | 88.33 |
| Dec | 87.84 | 87.86 | 87.83 | 87.88 |
| March | 87.48 | 87.50 | 87.47 | 87.54 |
| June | 87.21 | 87.26 | 87.18 | 87.28 |
| Sept | 88.99 | — | — | 87.06 |

Est volume 2,535 (826)
Previous day's open int 13,669 (13,538)

### CHICAGO

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

| | | | | |
|---|---|---|---|---|
| Sept | 65-18 | 65-27 | 65-18 | 65-27 |
| Dec | 64-30 | 65-02 | 64-28 | 65-06 |
| March | 64-12 | — | — | 64-20 |

Est volume 400 (74)
Previous day's open int 1,351 (1,334)

U.S. TREASURY BILLS (IMM) $1m points of 100%

## MONEY MARKETS

# UK longer term rates edge firmer

Longer term rates were marked up in the London money market yesterday, reflecting growing concern over sterling's performance against the dollar. The authorities seem reluctant to see interest rates much firmer especially after the recent one-and-a-half-point fall in base rates but the combination of sterling's fall, current industrial unrest and mildly disappointing money supply figures, effectively rules out any downward trend for the time being. Three-month interbank money was quoted at 10⅞ per cent compared with 10¾-10½ per cent on Monday and three-month eligible bank bills were bid at 10⅝ per cent compared with 10½ per cent. Overnight interbank money traded between a high of 11⅛ per cent and a low of 2 per cent.

The Bank of England forecast a shortage of around £400m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £408m and banks' balances brought forward below target a further £115m. These were partly offset by Exchequer transactions which added £45m and a fall in the note circulation of £70m. The Bank gave assistance in the morning of £406m, comprising purchases of £44m of eligible bank bills in band 2 (34-63 days) at 10⅞ per cent and £3m of eligible bank bills in band 3 (64-91 days) at 10¾ per cent. In band 4 (64-91 days) it bought £9m of Treasury bills at 10¾ per cent and £36m of eligible bank bills also at 10¾ per cent. In addition it arranged sale and repurchase agreements on £314m of bills at 10⅞ per cent, unwinding on September 26.

The forecast was later revised to a shortage of around £450m before taking into account the early help and the Bank gave additional assistance in the afternoon of £53m, buying eligible bank bills in band 2 at 10⅞ per cent. It also provided late assistance of £20m, making a total of £478m.

In Brussels the rate on four month bond fund paper was reduced to 11.3 per cent from 11.45 per cent, reflecting a relaxed cash money market. At the same time the authorities cut the rate of short term Treasury certificates. One, two and three-month bills were all lower at 11.3 per cent compared with 11.45 per cent.

In Rome the Italian Treasury increased the discount rate to 16.5 per cent from 15.5 per cent in reaction to continued private credit demand. Monetary aggregates are correntty outside Government target ranges and yesterday's increase was seen as an attempt to reduce private sector demand. The discount rate had previously been falling steadily from a level of 17 per cent in February.

**UK clearing banks' base lending rate 10½ per cent (since August 20)**

### MONEY RATES

| Sept. 4 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | [illegible] | [illegible] | [illegible] | [illegible] | 0.46873 | 17-17⅛ | 11 | 18-19¼ |
| One month | [illegible] | [illegible] | [illegible] | [illegible] | 0.40625 | 17⅛-17½ | 11¼-11½ | 12¾-13 |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | 12⅞-13⅛ |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | 6.25183 | 17⅛-17⅜ | 11⅛-11¼ | 13-13½ |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | — | — | 11⅛-11¼ | 13½-13¾ |
| Lombard | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — |
| Intervention | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — |

### LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

### FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. September 4)

3 months U.S. dollars: bid 11 13/16 offer 12 1/16

6 months U.S. dollars: bid 12 1/8 offer 12 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

NEW YORK (Lunchtime)

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period August 8 to September 4 1984 (inclusive): 10.806 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11½ per cent from September 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rate for sums at seven days' notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 10.3524 per cent. Certificates of Tax Deposit (Series 6). Deposit £100,000 and over held under one month 11 per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 10¼ per cent from August 13. Deposits held under Series 5 10¾ per cent. The rates for all deposits withdrawn for cash 7 per cent.



# London clearing banks' balances

## as at August 15 1984

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1.
AGGREGATE BALANCES

| | Total outstanding £m | £m | Change on month £m | £m |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Sterling deposits: | | | | |
| UK monetary sector | 18,249 | | −330 | |
| UK private sector | 57,022 | | +231 | |
| UK public sector | 1,176 | | −145 | |
| Overseas residents | 9,496 | | +286 | |
| Certificates of deposit | 7,577 | | +1,106 | |
| | | 93,520 | | +1,145 |
| of which: Sight | | 31,121 | | −541 |
| Time (inc. CD's) | | 62,499 | | +1,689 |
| Foreign currency deposits: | | | | |
| UK monetary sector | 19,188 | | +898 | |
| Other UK residents | 4,516 | | −21 | |
| Overseas residents | 44,897 | | +322 | |
| Certificates of deposit | 5,770 | | −27 | |
| | | 74,370 | | +979 |
| Total deposits | | 167,990 | | +2,127 |
| Other liabilities* | | 20,491 | | −777 |
| TOTAL LIABILITIES | | 188,481 | | +1,350 |
| **ASSETS** | | | | |
| Sterling | | | | |
| Cash and balances with Bank of England | | 1,327 | | −135 |
| Market loans: | | | | |
| Discount houses | 3,309 | | +420 | |
| Other UK monetary sector | 15,689 | | +844 | |
| UK monetary sector CD's | 2,399 | | −169 | |
| Local authorities | 946 | | +9 | |
| Other | 1,646 | | +198 | |
| | | 23,859 | | +1,303 |
| Bills: | | | | |
| Treasury bills | 38 | | −7 | |
| Other bills | 1,424 | | −185 | |
| | | 1,462 | | −192 |
| Special deposits with Bank of England | — | | — | |
| Investments: | | | | |
| British Government stocks | 2,685 | | −5 | |
| Other | 4,017 | | −72 | |
| | | 6,703 | | −77 |
| Advances: | | | | |
| UK private sector | 61,724 | | −383 | |
| UK public sector | 319 | | −3 | |
| Overseas residents | 4,594 | | −36 | |
| | | 66,637 | | −421 |
| Other sterling assets* | | 9,842 | | −248 |
| Foreign currencies | | | | |
| Market loans: | | | | |
| UK monetary sector | 19,893 | | +1,272 | |
| Certificates of deposit | 751 | | +32 | |
| Other | 31,172 | | −30 | |
| | | 51,816 | | +1,274 |
| Bills | | 154 | | +5 |
| Advances: | | | | |
| UK private sector | 5,356 | | −39 | |
| UK public sector | 836 | | +79 | |
| Overseas residents | 16,158 | | −174 | |
| | | 22,349 | | −134 |
| Other foreign currency assets* | | 4,331 | | −27 |
| TOTAL ASSETS | | 188,481 | | +1,350 |
| Acceptances | | 3,259 | | −51 |
| Eligible liabilities | | 70,115 | | +264 |

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

| | TOTAL Outstanding £m | TOTAL Change on month £m | BARCLAYS Outstanding £m | BARCLAYS Change on month £m | LLOYDS Outstanding £m | LLOYDS Change on month £m | MIDLAND Outstanding £m | MIDLAND Change on month £m | NATIONAL WESTMINSTER Outstanding £m | NATIONAL WESTMINSTER Change on month £m | WILLIAMS & GLYN'S Outstanding £m | WILLIAMS & GLYN'S Change on month £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LIABILITIES | | | | | | | | | | | | |
| Total deposits | 167,990 | +2,127 | 45,135 | +166 | 30,731 | +124 | 32,183 | +164 | 55,319 | +1,579 | 4,623 | +94 |
| ASSETS | | | | | | | | | | | | |
| Cash and balances with Bank of England | 1,327 | −135 | 427 | −14 | 219 | −16 | 235 | −27 | 399 | −60 | 47 | −17 |
| Market loans: | | | | | | | | | | | | |
| UK monetary sector | 38,761 | +2,536 | 11,377 | +721 | 4,547 | +40 | 4,404 | +315 | 17,555 | +1,296 | 877 | +165 |
| Other | 36,914 | +40 | 9,049 | −511 | 8,353 | +253 | 7,923 | +52 | 10,476 | +299 | 1,112 | −53 |
| Bills | 1,617 | −184 | 657 | −5 | 536 | −85 | 202 | −53 | 204 | −17 | 18 | −24 |
| British Government stocks | 2,685 | −5 | 667 | +15 | 667 | −40 | 577 | −4 | 686 | +17 | 86 | +5 |
| Advances | 88,986 | −555 | 24,624 | −14 | 17,027 | −441 | 17,675 | −95 | 27,053 | −9 | 2,607 | +4 |

TABLE 3. INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES

| | TOTAL | | BARCLAYS | | LLOYDS | | MIDLAND | | NATIONAL WESTMINSTER | | WILLIAMS & GLYN'S | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ELIGIBLE LIABILITIES | 70,115 | +264 | 20,939 | +149 | 13,972 | −38 | 12,282 | −20 | 20,826 | +155 | 2,096 | +7 |

# INTERNATIONAL CAPITAL MARKETS

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 4.

# Eurodollar market attracts $100m issue by Penney

BY MAGGIE URRY IN LONDON

J. C. PENNEY – the U.S. retail giant – demonstrated yesterday that the Eurodollar bond market is again attractive for U.S. corporate borrowers. Through its J. C. Penney Financial Corp. subsidiary it launched a $100m deal, direct from the U.S., yielding a touch below U.S. Treasury securities.

New issue managers were pleased to see a good name do that, as well as the magic name IBM. The seven year bond carries a 12¾ per cent coupon and was priced at par by Credit Suisse First Boston. It traded at a discount of 1¼ per cent, its selling concession.

Meanwhile, Salomon Brothers doubled the size of the IBM issue it launched on Monday to $200m, reflecting the ravenous appetite investors have for that name.

CSFB had a busy day yesterday, it also lead managed a floating rate note issue for Belgium. The $400m issue has a 20 year life, with put options after 15 and 18 years, and yields ⅛ per cent over six-month London interbank offered rate.

Rival managers said aggressive bidding for the deal produced too tight a price and saw the issue trading at a discount of 60 basis points to its issue price, outside the 45 basis points total fees.

*Nevertheless CSFB had three co-leads*, Kidder Peabody, Mitsubishi International Finance and Société Générale de Banque, plus a group of 30 co-managers.

Eurodollar bond prices were little changed on the day yesterday, as a stronger opening was turned back by an easier early trend in New York. Trading was thin as dealers waited for a lead from the U.S.

The Tokyo stock market's recent strength has allowed OKI Electric to price both its Swiss franc and dollar convertible issues below the indication. SBC set a 2¾ per cent coupon, ¼ point less than expected, for the SwFr 50m private placement and a 4.1 per cent conversion premium. Yamaichi International also cut ¼ point off the coupon to 3½ per cent for the $70m issue, and set the same conversion premium. More Japanese convertibles are in the pipeline.

Swiss franc bonds were unchanged on average, with turnover still low. UBS announced a SwFr 150m private placement for Japan Highway with a government guarantee. The five year deal has a 5½ per cent coupon and was priced at par.

Prices were steady in the D-Mark sector, in quiet trading.

Finland tapped the Dutch guilder market with a Fl 150m 10-year issue, with an average life of eight years. The coupon was set by Algemene Bank Nederland at 9 per cent.

**BHF Bank bond average**

| Sept 4 | | Previous |
|---|---|---|
| 100.029 | | 100.054 |
| High | 1984 | Low |
| 100.054 | | 98.056 |

## OVER-THE-COUNTER

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# Decline shown in international borrowings

By Paul Betts in Paris

BORROWING on international capital markets declined by $3.3bn to $13.1bn last month compared with July, according to the latest monthly international borrowing figures released by the Organisation for Economic Co-operation and Development (OECD) yesterday.

But the August total was about $3.2bn higher than international borrowings in August 1983. The figures also show that more than $8bn was raised on external bond markets – the largest monthly volume since April. However, fund raising operations on the international credit markets were down to only $4.1bn compared with a monthly average of $6.4bn during the previous three month period.

Gross new borrowing through bond issues and the syndication of foreign and international medium term bank credits totalled $106bn in aggregate, which is 6 per cent more than during the same period last year. Bond offerings on foreign and international markets were 29 per cent higher than last year, totalling $65.2bn.

In contrast, the volume raised so far this year through medium term syndicated bank credit is about 18 per cent lower than last year at $40.7bn compared with $49.4bn. This fall comes despite a significant increase in loans arranged on the Tokyo market and a spurt in large-scale refinancing operations, notes the OECD.



## Indices

NEW YORK

New York Active Stocks